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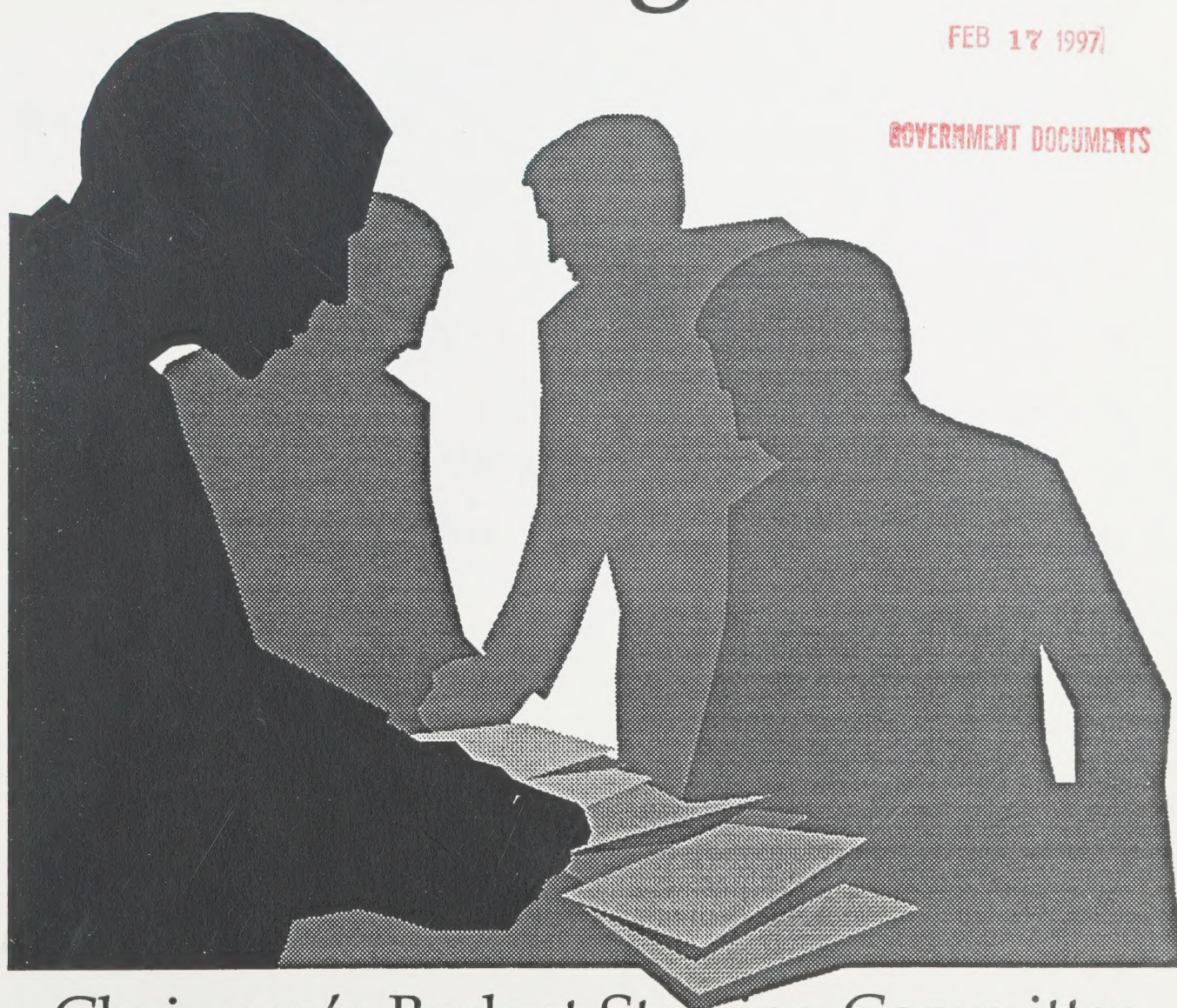
1997

1997 Proposed Current and Capital Budget

URBAN MUNICIPAL

FEB 17 1997

GOVERNMENT DOCUMENTS



Chairman's Budget Steering Committee
February 17, 1997

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INTRODUCTION

The purpose of this report is to highlight a number of fiscal issues that, in Management's view, should be part of the decision making process for adopting the 1997 Current and Capital budgets. Management has also outlined a strategy for achieving further reductions in the 1997 Regional levy.

The Region has been faced with Provincial funding reductions in excess of \$20 million from 1995 funding levels. In an effort to absorb these tax increases, the Region has undertaken an ongoing program of identifying productivity improvements, service rationalizations and revenue enhancements.

In the last year and a half, the Region has reduced its full time complement by 180 positions (excluding Police, Airport, Library boards, and employees transferred to PUMC)¹. This is equivalent to an 8% reduction in total staff employment. As Provincial funding continues to decrease, it becomes increasingly more challenging to mitigate tax increases.

The original budget projection, presented to Council in September 1996, showed an increase of \$16.8 million or 9.6%. Management have submitted budgets which, if approved by Council, reduce the original projection by \$8.8 million. This involves the reduction of an additional 36 FTE's (excluding Police and Airport transfer). The Prioritized Program Adjustment Package would result in an additional reduction of 13 FTE's at the recommended level and a further 42 FTE's if all program adjustments were approved.

The proposed Budget evidences an effort to:

- absorb the loss of the Ontario Municipal Support Program (OMSP) grant
- take proactive steps to rebuild the financial health of the Corporation
- establish financial policies that protect the Region's existing infrastructure
- address community needs for public safety

The increase in the Net Levy is driven by priorities established by community needs and strikes a delicate balance between the desire for a minimal impact on taxpayers, and the necessary expenditures that will sustain the municipal infrastructure and respond to the needs of the community, well into the future.

¹Note: In this budget package, the term "Full-Time Equivalent", or FTE, is used. An FTE is the salary and benefits of one full-time staff member, or two or more part-time staff positions that are equivalent to full salary plus benefits.

1997 BUDGETARY ENVIRONMENT

Regional Budget Priority-Setting Process

As part of its effort to create an integrated, priority-based Corporate budget for 1997, Regional staff repeated the effective system begun last year of having both the Current and Capital Budget of each Department reviewed and challenged by a group of knowledgeable staff from a cross-section of other Departments. Staff of Regional Police Services participated in a part of this process, and direct discussions were also held between the Region's Management Board and the senior staff of several special-purpose bodies that rely on Regional funding (for example, the Conservation Authority and the Royal Botanical Gardens). This process has yielded significant budgetary savings, and gives both Council and Senior Management greater confidence that the details of individual budgets have been scrutinized by independent reviewers, both from Finance and from other departments.

For 1997, however, Senior Management recognized the need to take a more objective and "scientific" approach to the very difficult process of finalizing a budget in the face of major revenue losses but with undiminished community and infrastructure needs. For the first time this year, with the assistance of the Mohawk College Procor Computer Decision Laboratory, the members of the Region's Management Board conducted a priority-ranking exercise, to close the budgetary gap between a 0% increase in Departmental budgets and the further program adjustments necessary to achieve the modest levy increase recommended in this report. A variety of program and staffing reductions, revenue-generating options and other budgetary measures were ranked according to mutually agreed criteria and assumptions. The results of this process are reflected in the list of budget adjustment options that is contained in this report, and in the confidential, personnel-impact supplement provided to Council members.

Securing the Fiscal Foundation

Staff's recommended budget strategy reflects Regional Council's direction that we take a multi-year view of the fiscal issues facing Hamilton-Wentworth region.

In 1996, at Regional Council's direction, we took several important steps in this direction:

- (1) Laying-out the multi-year property-tax impact of capital expenditure decisions;
- (2) Looking at the three-year time-horizon for the capital budget, focusing on taxpayer impact;
- (3) Adopting a policy to undertake growth-related projects only where the requisite development charge funds were "in the bank" or otherwise firmly committed;

(4) Focusing on infrastructure maintenance, and recognizing the negative property tax implications of "greenfields" residential development;

(5) "Cleaning-up the balance sheet" by putting in place secure, permanent funding for several major outstanding financial commitments from past years.

It was a good start, and we propose to build on this foundation by introducing several further new directions:

(a) Adjusting rates for water and, in particular, for the wastewater surcharge, to a level that will allow restoration of decaying public infrastructure;

(b) Tying new capital initiatives to increased revenues, thereby reversing the unsustainable trend of funding new capital initiatives through reductions in funding for renovation and maintenance of existing public infrastructure;

(c) Using any possible renewal of the Canada/Ontario Infrastructure Works (COIW) program to accelerate committed projects and to avoid planned debenture debt, rather than developing new capital projects.

Reconsidering Fiscal Plans

It is now quite clear that 1998 will be a year of great change, not only in Hamilton-Wentworth, but across the whole Ontario local government scene. In addition to the prospect of local government reform, which would have the effect of pooling the budgets, assets and obligations of a number of separate local authorities, the Province will be altering the responsibilities of municipal governments, the taxation and assessment bases on which we fund local-government programs, and the allocation of costs among commercial and residential property taxpayers across the region and across the Province. In light of this, staff recommend that Regional Council refrain from taking actions that are based on circumstances that are likely to change radically in 1998, and which might compromise the options available to an incoming Council. We believe there are several areas where current plans ought to be reconsidered.

New Capital Obligations

Regional Council may wish to evaluate the prudence of incurring new financial obligations. It seems likely that the priority-setting process would be very different if all budgetary priorities were being evaluated in the same budgetary forum (which would be the implication if the Government proceeds with its announced intention to reform the municipal structure in this region). Also, the financial basis for long-term obligations has been fundamentally altered by Provincial actions affecting the whole municipal sector later this year. For example, the decision to assume the significant additional financial responsibility for the repair of sewer laterals may not be the most fiscally prudent route to

follow: other options, such as low-cost loans or an "insurance" model, may prove to be more fiscally sustainable. Conversely, if there is a new Canada/Ontario Infrastructure Works (COIW) program, there may be fiscal merit in accelerating projects that were planned for debt financing or would have relied largely/exclusively on Regional revenues.

To assist Regional Council to distinguish present capital obligations from new capital obligations, staff has prepared the capital budget using an "envelope" approach. This will make less likely the situation that has developed over time where one element of public infrastructure is effectively subsidizing another, without a conscious decision to do so.

Deciding Priorities by Budget Envelope

The Region's 1997 Budget has been divided into four budgetary "envelopes". The purpose of this process is to make sound budgetary decisions within each broad category of funded service, and to avoid the fundamentally unsustainable practice of expecting unrelated functions to subsidize one-another in the pursuit of an overall levy target. In staff's view, the public has a right to demand that every reasonable effort has been made to prune the budget for a range of services to a level that produces year-over-year improvements in productivity. But if a service is to be expanded or the cost of maintaining a service increases due to age or lost revenues, it is unsound to ignore that fiscal fact-of-life by cross-subsidization. Municipal services are one of the best values for the taxpayer's dollar, but they cannot continue to be good value if cut-backs mean the basic human and technological infrastructure is not there to deliver those services.

In 1997, the Region's operating departments and many of the special-purpose bodies supported by the Regional levy have absorbed inflationary cost increases and unprecedented losses in Provincial and other revenues, and have produced a net budget that is well below last year's expenditure levels. However, the community has real needs, for better policing, for infrastructure expansion and repair, and for a variety of other top-priority needs. We believe that Regional Council should evaluate the priority and timing of these requests, and if the case can be made for maintaining services and for specific additions to the range of community services, that a modest increase in the Regional levy would be justified. It is staff's view that the public would accept some modest increase in the cost of municipal services, if it is clearly tied directly to improvements in basic service, in such areas as policing, roadways, environmental quality, or similar community priorities. Alternatively, if Regional Council decides that the public would prefer to accept lost transfer payments being translated into reduced service and no increase to Regional taxes and fees, the priority-setting process outlined above, permits that course to be followed and staff can implement those directions.

Upper-Tier Discount Factor

Staff are not recommending reconsideration of the phasing-out of the Upper-Tier Discount Factor (UTDF), which was approved unanimously by Regional Council in August, 1996.

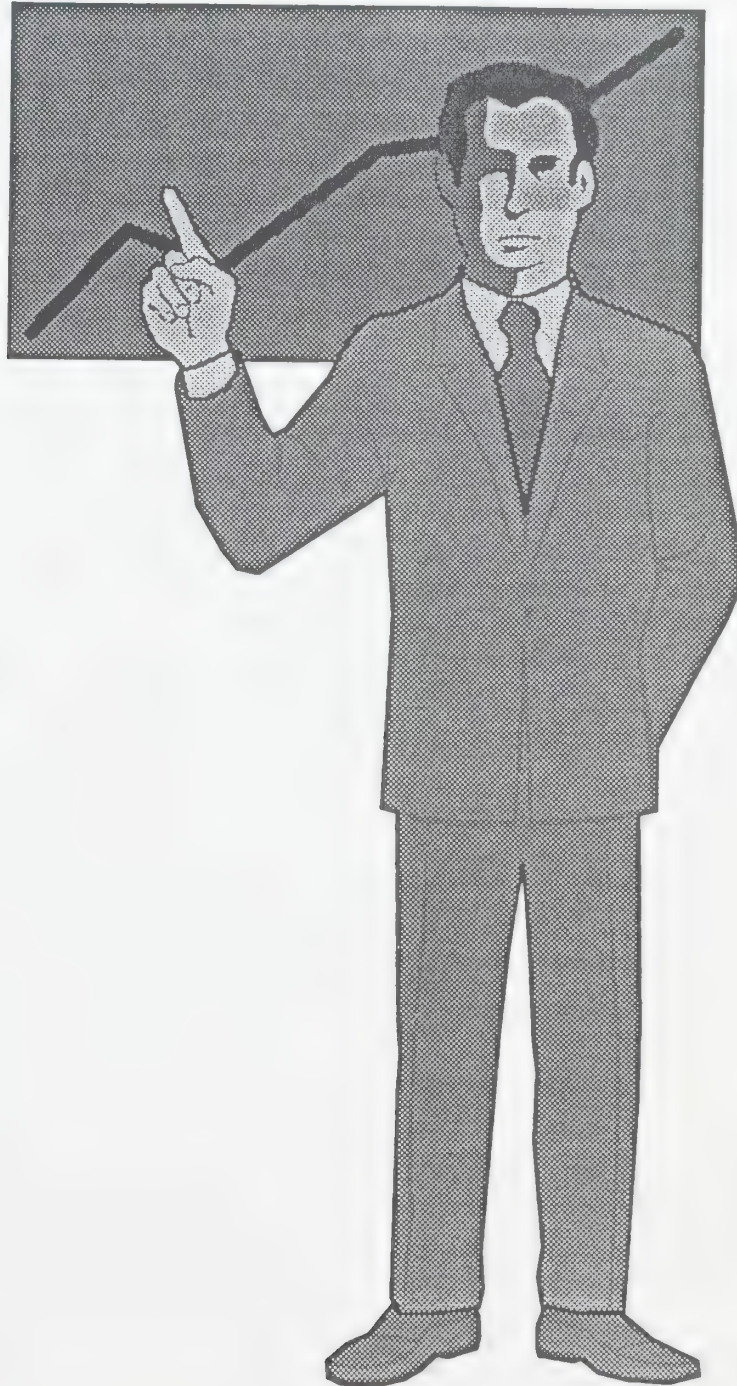
This issue and its impact are outlined in the section of this Report entitled, "Impact on Property Taxes". However, should Regional Council decide to reconsider this issue, Appendix "H" has been included to demonstrate the impact of deferring phase-out of UTDF until the Actual Value Assessment rolls are returned in 1998 (our current UTDF factor is .4463; the first year of a phase-out would move it to .65 - see Appendices "F", "G", and "H").

Downtown Initiatives

In your 1997 Budget documentation, Regional staff have included a detailed listing of capital projects. The first section of that report outlines \$3.1 million in planned Capital Expenditures in the Downtown Area. These expenditures supplement operating expenditures for the Region's share of the convert-to-rent program, the waiver of development charges and fees, the Hamilton-Halton Homebuilders development co-ordination agreement, and expenses related to economic development and tourism promotion projects.



1997 Current Fiscal Position



CURRENT FISCAL POSITION

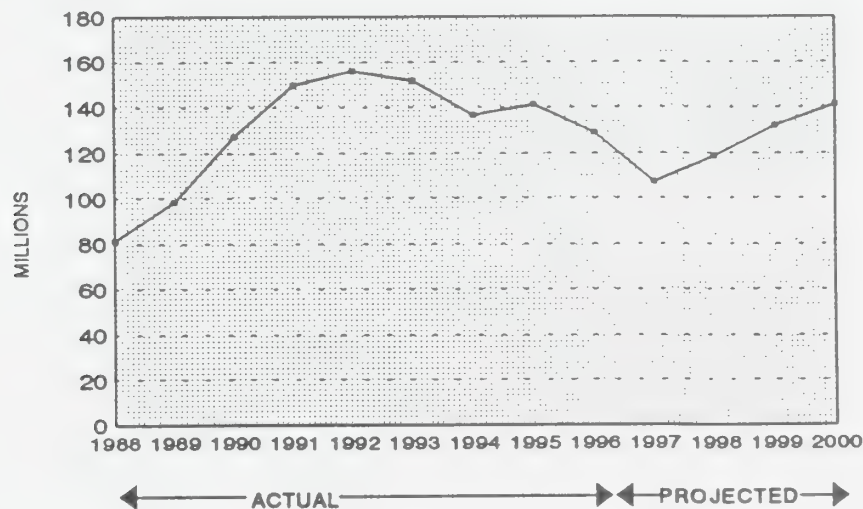
On January 23, 1997, CBRS reaffirmed the Region of Hamilton-Wentworth's credit rating at AA+, with a continued stable rating outlook. As identified in the report, Hamilton-Wentworth's economic position has improved; welfare caseloads declined in 1996, local industries have shown improved profitability and unemployment in the Region is one of the lowest in the country.

Regional Reserves and Reserve Funds

Through sound fiscal policies such as the pay-as-you-go principle for capital financing of maintenance infrastructure programs and a continuous monitoring of liabilities, the Region has maintained a strong reserve and reserve funds position with a combined balance of \$130 Million as of December 31, 1996 (unaudited). As identified in Exhibit 1, the reserve balance increased between 1994-95 despite economic pressures. In 1996, the reserve balance declined slightly as a result of capital financing requirements.

Exhibit 1

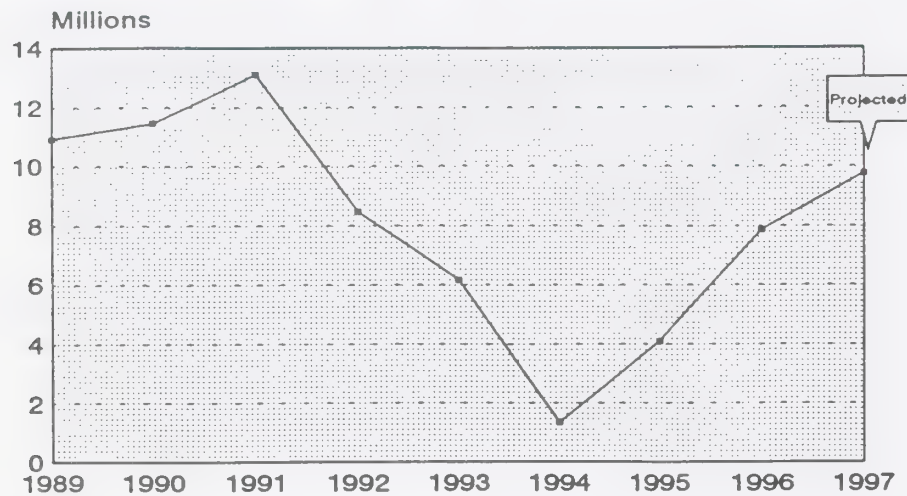
TOTAL RESERVE & RESERVE FUNDS FOR THE YEARS 1988-2000



Working Fund Reserves

As presented to Council in September 1996, as part of the "1997 Budget Projection and Strategy Guidelines", the Working Fund Reserves were extensively used during the early 90's to combat recession driven expenditure increases, reduced intergovernmental grants and slow assessment growth. Exhibit 2 provides a history of the Working Fund Reserve position from 1989 to the projected balance in 1997.

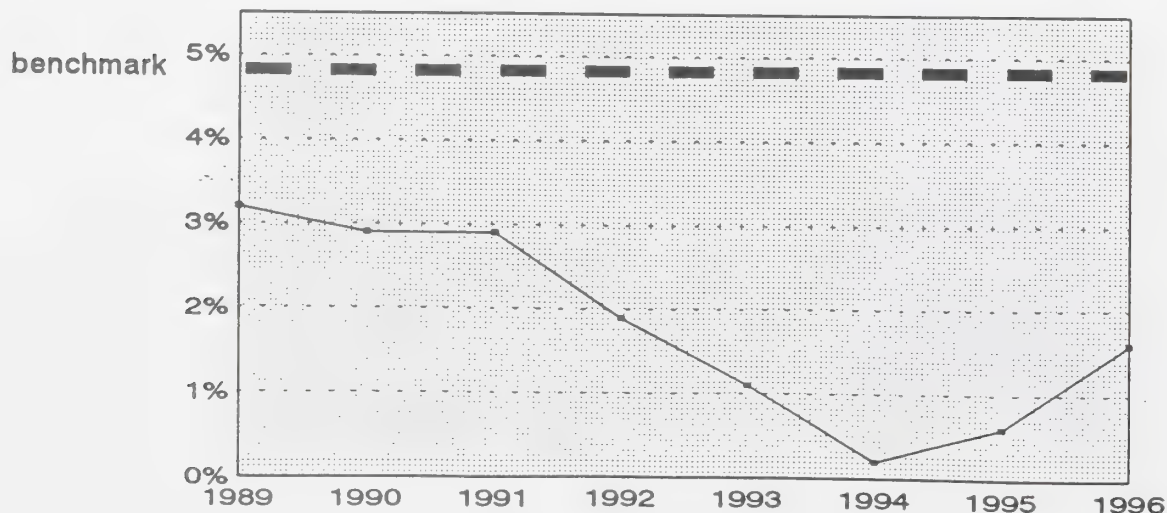
WORKING FUND RESERVES (1989-1997)



Through Council directives, these reserves have been gradually replenished since 1994. Based on the current projection, the Working Fund Reserves will continue to grow in 1997 through an increase in the current budget contributions from \$1.5 Million in 1996 to \$2 Million 1997. Exhibit 3 provides a comparison of the Working Fund Reserves as a percentage of total gross current expenditures, whereby a benchmark of 5% has been identified. It is recognized by Municipalities throughout Ontario that OMSP funding will be eliminated in its entirety in the near future. Therefore, it is essential to ensure that Working Fund Reserves be rebuilt nearer to the benchmark rate.

Exhibit 3

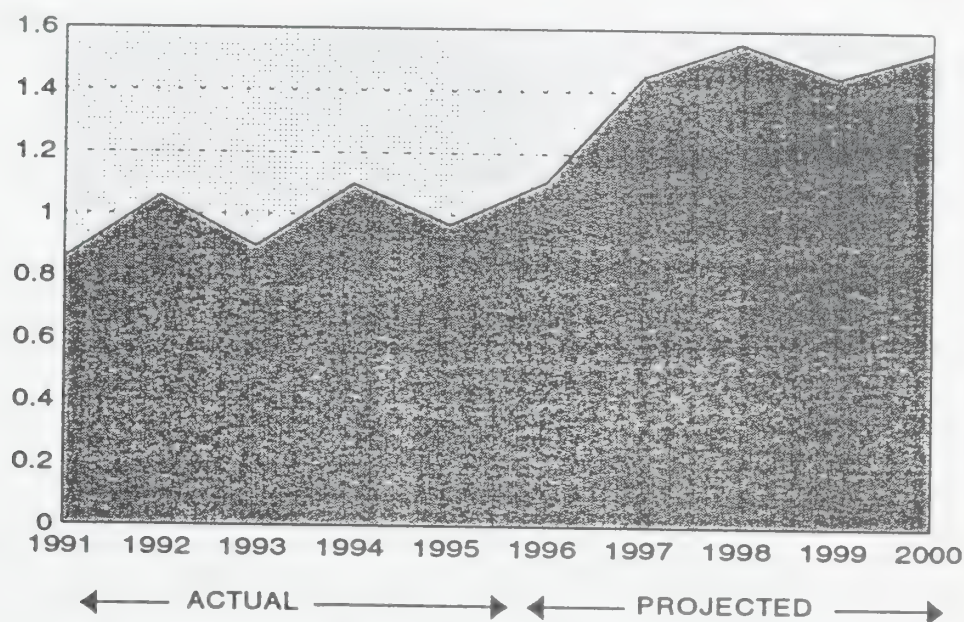
WORKING FUND RESERVES AS A PERCENTAGE OF TOTAL GROSS CURRENT EXPENDITURES



As noted in the Region of Hamilton-Wentworth's 1997 credit rating, debt as a percentage of revenues have stabilized. Exhibit 4 shows a history of the debt to reserve ratio as well as a projection for future years. In general, a ratio of 1:1 is considered to be appropriate. For the last 6 years, the Region's debt to reserves has been maintained at this level. The debt to reserve ratio is projected to increase, commencing in 1997, as a result of financing requirements of capital programs.

Exhibit 4

1991 - 2000 RATIO OF DEBT TO RESERVES



Program	Borrowing Req. (1997-2000) \$ million
Transit	14.3
Lodges	11.3
Redhill Creek	22.0
Roads Program	41.1
Waste Management	19.1
Pollution Control Plan/ Enhancement Maintenance	26.9

Budget Overview



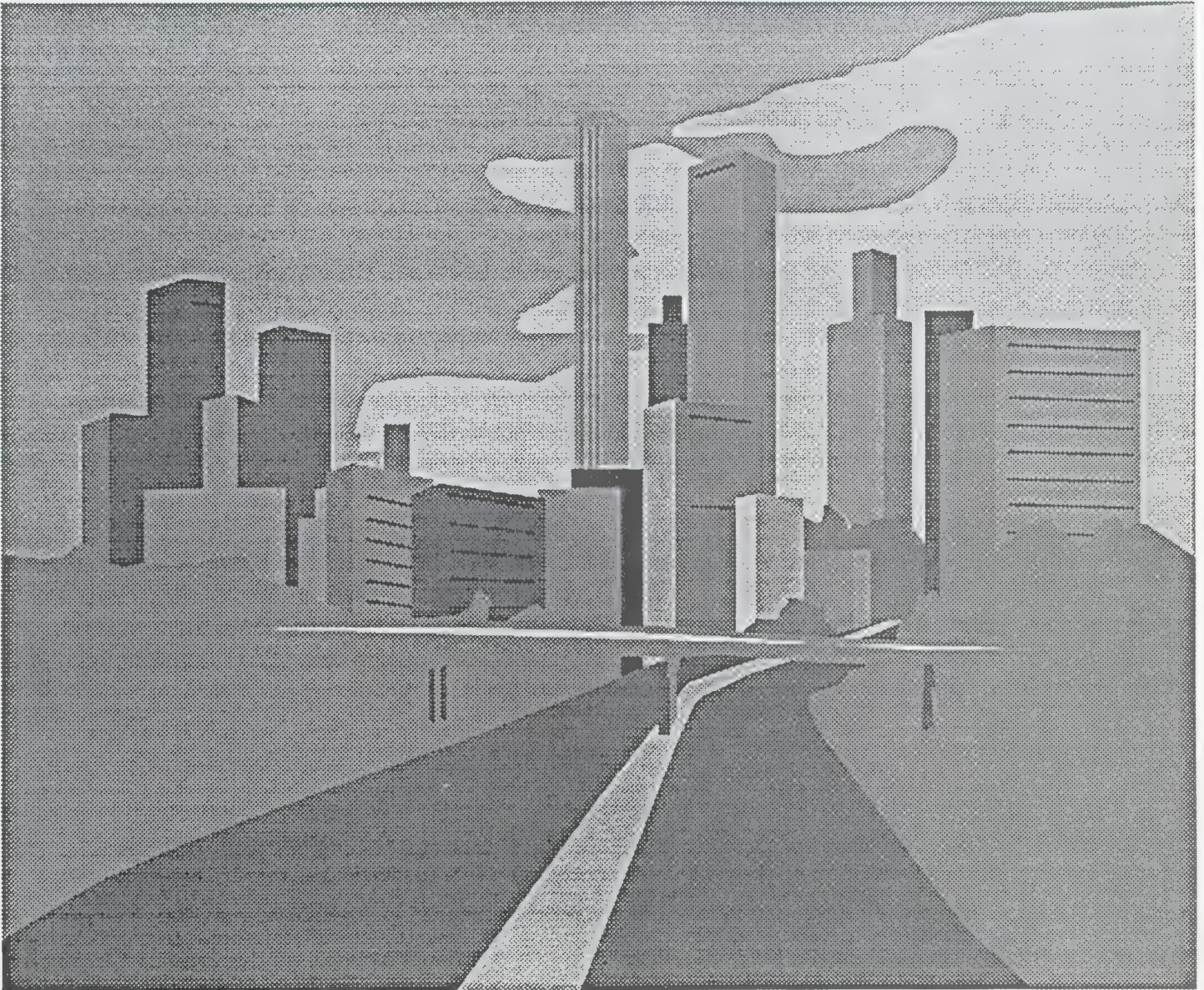
BUDGET OVERVIEW

The following section provides an overview of the 1997 Budget, broken down into four envelopes. Each envelope contains specific 1997 Budget recommendations. The following chart summarizes the four envelopes, the submitted Net Levy, a comparison to the 1996 Net Levy and the Net Levy impact.

Exhibit 5

1997 CURENT BUDGET MAJOR DRIVING FACTORS						
	1996 Net Levy	Original 1997 Net Levy	Submitted 1997 Net Levy	Increase/ (Decrease)	Net Levy Impact	Impact on Average Household
	<u>Million \$</u>	<u>Million \$</u>	<u>Million \$</u>	<u>Million \$</u>	<u>%</u>	<u>\$</u>
Net Capital Financing	24.0	27.9	26.1	2.1	1.2%	7
Police Services 1996 Net Levy	62.8	66.5	66.0	3.2	1.8%	11
Other Boards & Agencies (Including Grants to Outside Bodies)	11.7	12.3	12.0	0.3	0.2%	1
Regional Departments Operating Levy	<u>76.6</u>	<u>85.2</u>	<u>79.0</u>	<u>2.4</u>	<u>1.4%</u>	<u>8</u>
Total	<u>175.1</u>	<u>191.9</u>	<u>183.1</u>	<u>8.0</u>	<u>4.6%</u>	<u>27</u>

Net Capital Financing



NET CAPITAL FINANCING

	1996 BUDGET	1997 BUDGET	DIFFERENCE
	<u>Million \$</u>	<u>Million \$</u>	<u>Million \$</u>
Net Capital Levy	24.0	27.9	3.9
Less:			
1997 Submitted Reductions	—	(1.8)	(1.8)
Levy Comparison	<u>24.0</u>	<u>26.1</u>	<u>2.1</u>

Factors Driving the Increase

The funding for the capital program has remained constant in recent years despite a reduction in non-regional funding, as well as continued expansion of capital requirements. The allocation of funding for maintenance, rehabilitation and replacement of existing infrastructure has been reduced to permit funding of special projects such as the Red Hill Creek Expressway, PaRCIL and the Emergency Communication System. Such action has caused the maintenance level for existing infrastructure to fall below sustainable levels. Other large capital projects such as the CSO tanks, Closed Landfill Sites, and Homes for the Aged are now under consideration. If these projects are to be funded without a commensurate increase in the capital budget, there will be a further erosion of the funding for existing infrastructure.

The Capital Budget Business Plan, endorsed by Council, includes annual increases in the Waterworks, Sanitary Sewer, Storm Sewer and Roads Programs to build funds for the maintenance of the Region's existing infrastructure. The 1997 costs of the plan to replenish funds for the existing infrastructure are built into the required financing costs in the Budget submission. Exhibit 6 summarizes the projects driving the increase.

Exhibit 6

CAPITAL Projects Driving Increase	
	<u>Million \$</u>
Homes — Macassa	0.5
Freeway	0.6
Roads — Maintenance	1.4
Waste — Maintenance	(0.3)
HSR — Maintenance	<u>(0.1)</u>
Total	<u>2.1</u>

The 1997 Capital Budget reflects a total gross expenditure of \$150.9 Million, as outlined on the Appendix A. The related Net Capital Financing costs are detailed in Appendices B and C. Specifics of each capital project are identified in the Capital Budget Detail Sheets.

Progress Made To Date

A reduction of \$1.8 million of the targeted \$3.9 million was achieved through debt refinancing and program spending deferrals. Exhibit 7 summarizes the submitted reductions.

Exhibit 7

CAPITAL Progress Made to Date	
	<u>Million \$</u>
Target Reductions	3.9
Less Reductions:	
Program Spending Deferral	(1.3)
Debt Refinancing	<u>(0.5)</u>
Total Reductions	<u>(1.8)</u>
1997 Net Levy Impact	<u>2.1</u>

On December 17, 1996, Council directed staff to develop recommendations that would implement the 1997-2000 Capital Budget Business Plan, attached to Report FIN 96-098. This business plan does not include recommendations for reductions, but rather, a systematic series of rate/levy increases by which the optimum funding levels for existing infrastructure can be achieved.

Options for Further Reductions

Exhibit 8 shows the annual impact on the Regional tax levy in 1998 and 1999 that results from committing to special projects and sustainable maintenance spending starting in 1997.

Exhibit 8

CAPITAL INCREASES			
	1997	1998	1999
	<u>Million \$</u>	<u>Million \$</u>	<u>Million \$</u>
<u>Special Projects</u>			
Homes – Macassa	0.5	0.0	0.3
Wentworth	0.0	0.0	0.9
Freeway	0.6	0.6	0.6
Closed Landfill Sites	<u>0.0</u>	<u>0.6</u>	<u>1.4</u>
	1.1	1.2	3.2
<u>Maintenance</u>	<u>1.0</u>	<u>3.0</u>	<u>2.9</u>
Total Increase	<u><u>2.1</u></u>	<u><u>4.2</u></u>	<u><u>6.1</u></u>

The implementation of a dedicated levy for special projects, as recommended in the business plan presented to Council on December 17, 1996, will be subject to future consideration. The 1998 Capital Budget process will examine the impact of such a levy on the average household, as well as implications for deferral or elimination of specific projects.

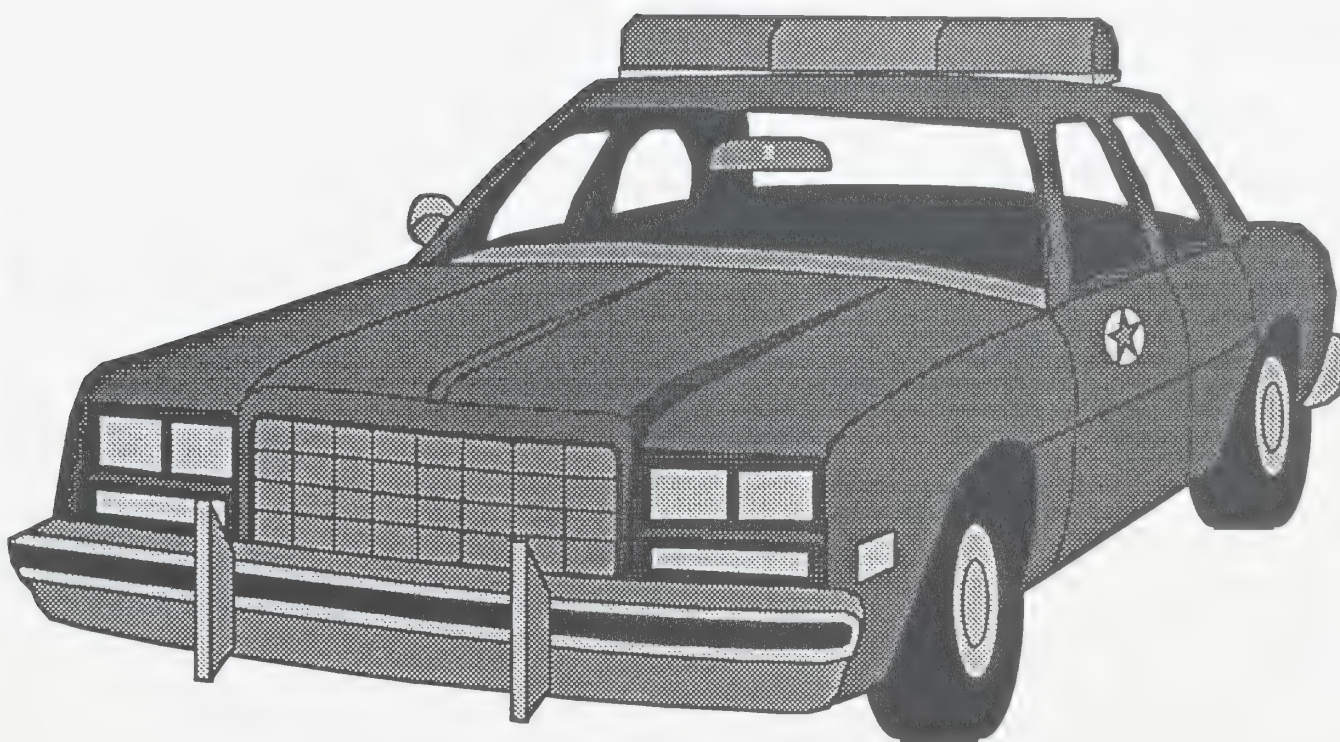
Recommendation:

- a) That the following optimum levels of capital spending be achieved over the noted term, in order to replenish the sustainable spending levels for the existing infrastructure.

Program	<u>Current Annual Capital Spending</u>	<u>Optimum Annual Capital Spending</u>	<u>Term</u>
Roads	\$13.7 mil	\$20.1 mil	10 years
Storm Sewers	\$ 5.7 mil	\$20.0 mil	15 years
Sanitary Sewers	\$13.7 mil	\$73.0 mil	15 years
Waterworks	\$12.4 mil	\$45.8 mil	15 years

- b) That the 1997 Capital spending in the amount of \$150,899,000 and the 1998-99 Capital Forecast in the amount of \$217,186,000 be approved.

Police Services



POLICE SERVICES

	1996 BUDGET	1997 BUDGET	DIFFERENCE
	<u>Million \$</u>	<u>Million \$</u>	<u>Million \$</u>
Net Police Levy	69.5	70.8	1.3
Less:			
OMSP Allocation	<u>(6.7)</u>	<u>(4.3)</u>	<u>2.4</u>
	62.8	66.5	3.7
Less:			
1997 Submitted Reductions	—	(0.5)	(0.5)
Levy Comparison	<u><u>62.8</u></u>	<u><u>66.0</u></u>	<u><u>3.2</u></u>

Factors Driving the Increase

The following is a summary of the major factors which have resulted in Police being \$3.2 million over its targeted allocation.

Exhibit 9

POLICE Major Driving Factors	
	<u>Million \$</u>
Salaries & Vehicle Costs for 25 new Officers	0.8
Merit Increases	0.5
W.C.B. Increases	0.1
Revenue Decreases	0.2
Other	0.1
Capital Financing	<u>(1.0)</u>
Sub-total	0.7
Allocation of OMSP Reduction	<u>2.5</u>
Total	<u><u>3.2</u></u>

This increase results in a 1.8% levy increase or \$11 per average household.

Progress Made to Date

Savings of approximately \$500,000 were achieved through restructuring and additional user fees.

It should be noted that there is no provision in the Police budget for contract increases. Recent settlements in London and Sudbury provide for a 4% increase over the next three years. A 1% increase in compensation for the Police represents approximately \$500,000 and would increase the average tax bill by an additional \$1.65 or 0.3%.

Options for Further Reductions

Community support for the hiring of additional officers is widespread. Regional Council committed to the hiring of an additional 25 officers in 1997 under the Province's "Partners in Community Safety Strategy" program. The effect of hiring 25 new officers will add an additional \$490,000 in costs to 1998 as a result of annualization.

The other driving factor in the 1997 increase relates to OMSP funding reductions, rather than an increase in forecast expenditures.

Recommendation

- c) That in the event that Council directs a Regional Operating Budget below 3%, the Police Services Board be requested to identify further reductions.

Outside Boards & Agencies



OUTSIDE BOARDS AND AGENCIES
(Including Grants to Outside Bodies)

	1996 BUDGET	1997 BUDGET	DIFFERENCE
	<u>Million \$</u>	<u>Million \$</u>	<u>Million \$</u>
Net Levy – Outside Boards	11.7	12.3	0.6
Less:			
1997 Submitted Reductions	–	(0.3)	(0.3)
Levy Comparison	<u>11.7</u>	<u>12.0</u>	<u>0.3</u>

This envelope is comprised of all Boards and Agencies for which funding is provided through the Regional levy, either as a separate levy component or as part of the overall Grants to Outside Bodies budget provision.

Factors Driving the Increase

Increased funding requirements for the Children's Aid Societies, Conservation Authorities, and Hamilton Beach Rescue Unit; debt payment obligations for McMaster & Warplane Heritage Museum; as well as reduced OMSP funding, are the driving factors in the increase. Except for the Conservation Authorities and the Hamilton Beach Rescue Unit, these increases are attributable to variables outside the Region's control.

Exhibit 10

	<u>1996 Levy</u> \$	<u>1997 Proposed Budget</u> \$	<u>Change</u> \$	<u>%</u>
BOARDS AND AGENCIES (INCLUDING GRANTS TO OUTSIDE BODIES)				
Grants to Outside Bodies	2,894,640	2,705,330	(189,310)	–6.5%
Children's Aid Societies	3,174,390	3,224,720	50,330	1.6%
Conservation Authorities:				
Hamilton Region	2,866,090	2,912,200	46,110	1.6%
Others	208,290	207,980	(310)	–0.1%
Wentworth Library	2,050,190	2,075,920	25,730	1.3%
Royal Botanical Gardens	905,680	814,630	(91,050)	–10.1%
Debt Charges – McMaster & Warplane	644,000	696,200	52,200	8.1%
Hamilton Beach Rescue Unit	32,080	40,320	8,240	25.7%
SUBTOTAL	12,775,360	12,677,300	(98,060)	–0.8%
ALLOCATION OF OMSP FUNDING	(1,058,580)	(663,750)	394,830	–37.3%
TOTAL BOARDS AND AGENCIES (INCLUDING GRANTS TO OUTSIDE BODIES)	11,716,780	12,013,550	296,770	2.5%

Progress Made to Date

Discussions with representatives of the outside organizations have resulted in reductions of \$0.3 million. The total expenditures for Outside Boards, Agencies and Grants have decreased by \$98,060; however, with the impact of the reduced OMSP funding, there is a \$296,770 increase.

Groups for which further reductions are not possible due to uncontrollable factors include: Children's Aid Societies, whose funding is set by the Province; McMaster and Warplane Heritage Museum, whose charges relate to external debt payments; and Wentworth Library, whose budget has already been approved by participating area municipalities.

Options for Further Reductions

There are two groups within this envelope which did not meet the targeted reduction and for which further reductions are possible. Approval of these recommendations would result in an overall increase of 1.5% (compared with the submitted 2.5%) for the Boards and Agencies envelope.

1. **Hamilton Beach Rescue Unit**

A reduction in the amount of \$9,430 represents a decrease of 3.7% from 1996; and

2. **Hamilton Region Conservation Authority**

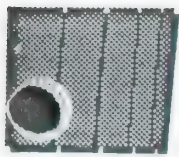
A reduction in the amount of \$110,000 represents a decrease of 2.2% from 1996. The Conservation Authority has identified the following programs to which a reduction would be allocated, together with the related impact:

Exhibit 11

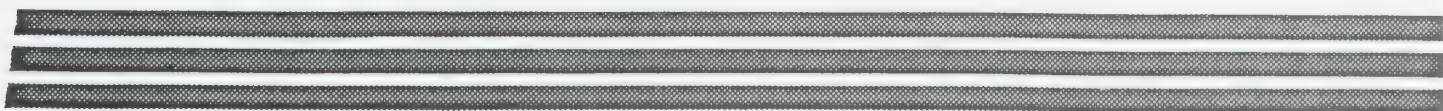
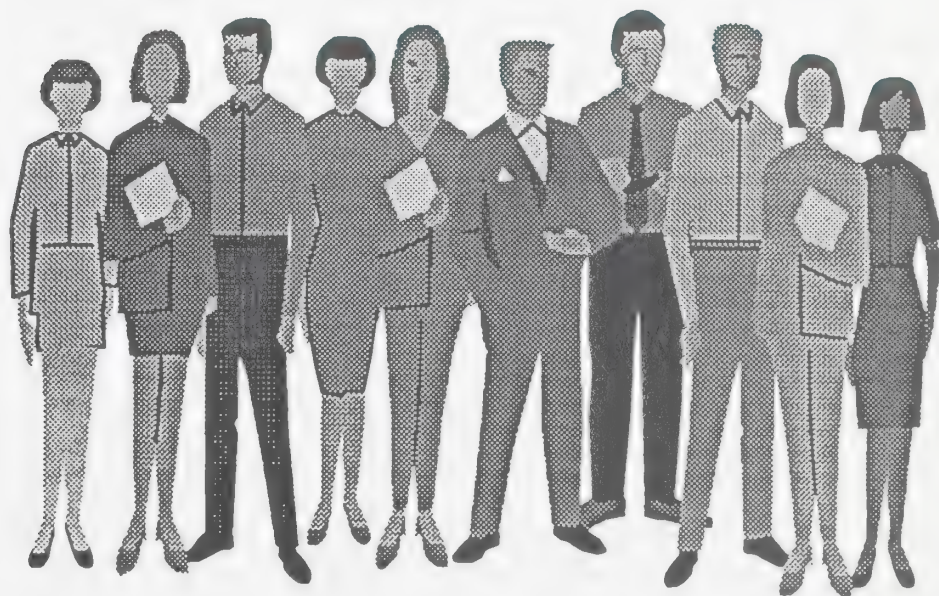
HRCA		
PROGRAM CHANGE	BUDGET REDUCTION	IMPACT
Eliminate construction of Picnic Pavilion at Christie Conservation Area	\$70,000	Reduced park revenues
Postpone vehicle replacement	\$20,000	Delay may result in increased costs
Reduce minor recreational developments at Confederation Park and Westfield Conservation Areas	\$20,000	Reduced park revenues
TOTAL	<u>\$110,000</u>	

Recommendations:

- d) That funding for the Hamilton Beach Rescue Unit be reduced by \$9,430.
- e) That funding for the Hamilton Region Conservation Authority be reduced by \$110,000.



Operating Departments



OPERATING DEPARTMENTS

	1996 BUDGET	1997 BUDGET	DIFFERENCE
	<u>Million \$</u>	<u>Million \$</u>	<u>Million \$</u>
Net Operating Levy	76.6	85.2	8.6
Less:			
1997 Submitted Reductions	—	(6.2)	(6.2)
Levy Comparison	<u>76.6</u>	<u>79.0</u>	<u>2.4</u>

Factors Driving the Increase

There was a projected increase of \$8.6 Million (10%) in the Operating Department's net levy from 1996-1997. In an effort to reduce the impact to the taxpayer and preserve, where possible, the existing service levels, staff have developed strategies to mitigate the \$8.6 Million increase. Exhibit 12 quantifies the major driving factors which resulted in the projected increase of \$8.6 million.

Exhibit 12

OPERATING DEPARTMENTS Factors Driving Increase	
	<u>Million \$</u>
1996 Net Operating Levy	76.6
Add:	
Conditional Grant Reduction	3.0
Unconditional Grant Reduction (OMSP)	3.9
Inflation & Other	1.0
Winter Control	0.7
Waste Management Savings	(0.8)
Transfer to Working Fund	0.5
Decrease in Supplementary Taxes	<u>0.3</u>
Total Additions	<u>8.6</u>
Total Projected Net Operating Levy	<u>85.2</u>

There are two factors which impede the Operating Departments' ability to bring forward a "zero" budget. Firstly, the majority of factors driving the increase are uncontrollable, such as the reduction in the conditional and unconditional grants, inflation, and costs associated with the winter control maintenance program. Secondly, a large portion of the programs provided by the Operating Departments are fixed or mandatory (social assistance, public health program, debt expenses, fixed price contracts), resulting in a smaller base with which the Departments are able to resolve budgetary problems.

Progress Made To Date

In the fall of 1996, Council approved the following recommendations affecting the operating departments:

- a) That Departments and Outside Boards and Agencies submit a budget that reflects a 0% increase in net operating expenditures, excluding windfall expenditure savings and revenues. (\$1.7 million)
- b) That reductions in Conditional Grants by the Province be absorbed within the service directly affected. (\$3.0 million)
- c) That the OMSP funding reduction be allocated to departments, Boards and Agencies (including Grants to Outside organizations). (\$3.9 million)
- d) That departments submit a prioritized listing classified by "service rationalization", "service transfer" and "revenue generator" to offset their respective reduction in OMSP funding.

Recommendations (a) and (b) form the basis upon which the 1997 "Submitted Net Levy" is presented. The target reduction for these two recommendations is \$4.7 Million (0% increase and absorption of conditional grant reductions). The submission made by the Operating Departments exceeds this target by \$1.5 Million, thereby reducing the required absorption of OMSP reductions to \$2.4 million (See Appendix D for a departmental breakdown of the program adjustments).

Recommendations (c) and (d) form the basis upon which the additional reductions are recommended and will be described in further detail in the section entitled "Options for Further Reductions".

Regional Operating Departments were required to prepare a submission identifying measures to be undertaken to mitigate increases on the 1997 operating budget. As identified in Exhibit 13, the Operating Departments employed several strategies in an effort to minimize budgetary increases which includes but is not limited to restructuring, increasing user fee revenues, efficiency improvements, staff reductions and wage/benefit concessions. The elimination of 35.5 positions, is mainly the result of staffing reductions in the Homes

for the Aged (15.5) which were identified through the administrative/operational review of Wentworth and Macassa Lodge and in HSR (10) through route service reductions scheduled to commence during 1997. Further savings were identified through the implementation of the Ontario Works Programs and reduced social assistance caseloads (2% below 1996 actuals). The plan also includes a limited use of specific reserves (insurance and WCB), where the reserve is currently fully funded. The proposed use of reserves is equivalent to less than 0.3% of the total reserve position, therefore, the impact on the debt to reserve ratio will be negligible. Exhibit 13 identifies the proposed strategies to be undertaken.

Exhibit 13

OPERATING DEPARTMENTS Progress Made to Date	
	<u>Million \$</u>
Total Projected Net Operating Levy	85.2
Less Reductions:	
Reduction of 35.5 staff	(1.2)
User Fees Revenues	(1.1)
Caseload Reduc. & Ont. Work Programs	(1.1)
Funding of One-time Items	(0.7)
Wage/Benefit Concessions	(0.7)
Efficiency Improvements	(0.6)
Reserve Funding	(0.4)
Winter Control Estimate	(0.4)
Total Reductions	(6.2)
Submitted 1997 Net Levy	79.0
1997 Net Levy Impact	2.4

Options for Further Reductions

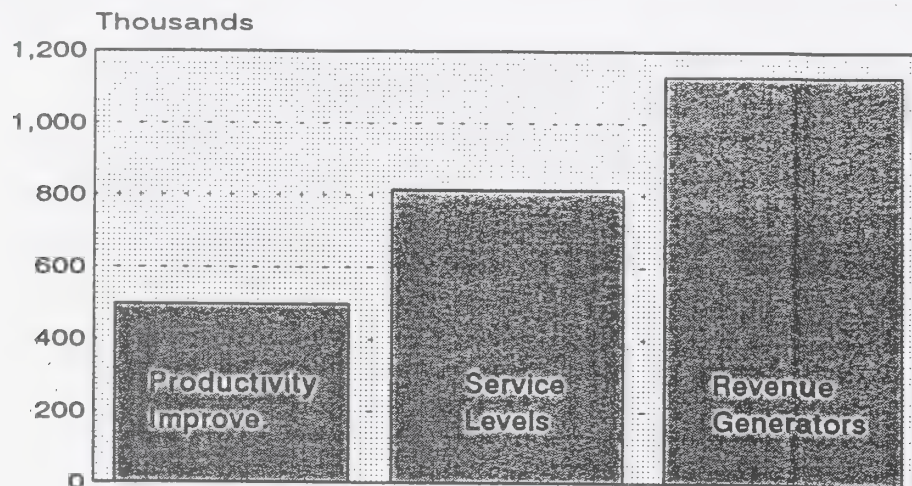
In order to provide Council with an objective basis upon which to assess department submissions required to offset the reduction in OMSP grants, the Region's Management Board completed a ranking based on two criteria: *acceptability* and *impact on service*. Appendix E prioritizes the program changes and provides summary information on the type of program changes: revenue generators, productivity improvements, financial adjustments or service level adjustments, staffing level impacts and savings.

In order to reach a "zero" budget for the Operational Department envelope, assuming the above identified \$6.2 Million is approved by Council, \$2.4 Million in savings will be required from the prioritized list. Should Council approve the program changes as prioritized by Management Board, there will be a reduction of an additional 13 FTE's. As identified in

Exhibit 14, the majority of savings associated with the proposed changes totalling \$2.4 million are revenue generators (\$1.1 million) and service level adjustments (\$0.8 million).

Exhibit 14

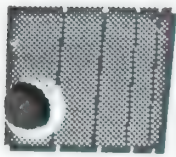
\$2.4 Million - Prioritized List of Proposed Program Adjustments



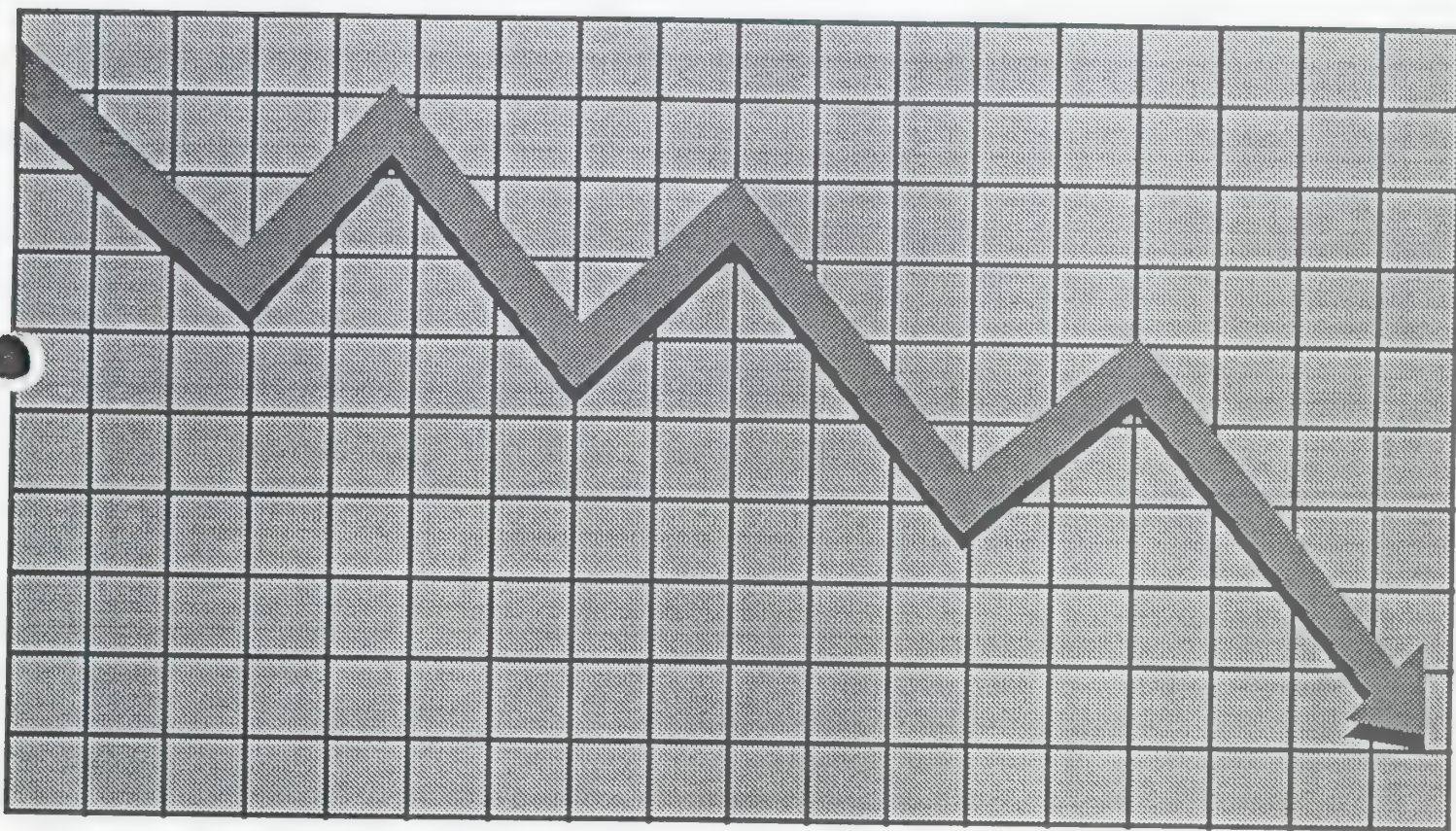
The total list, comprising 55 programs, includes the elimination of 55 positions, with a cumulative annualized savings of \$4.9 Million. This provides Council with further latitude for reductions to be achieved, should the programs submitted by Management Board not be approved.

Recommendations

- f) That Council identify an additional \$2.4 Million in program adjustments through the consideration of items 1-55 of Appendix E.
- g) That the savings from the Prioritized Program Adjustment package be reflected on an annualized basis and the difference between the 1997 savings and the annualized savings be met from realized capital gains.



Economic & Financial Risks



ECONOMIC AND FINANCIAL RISKS

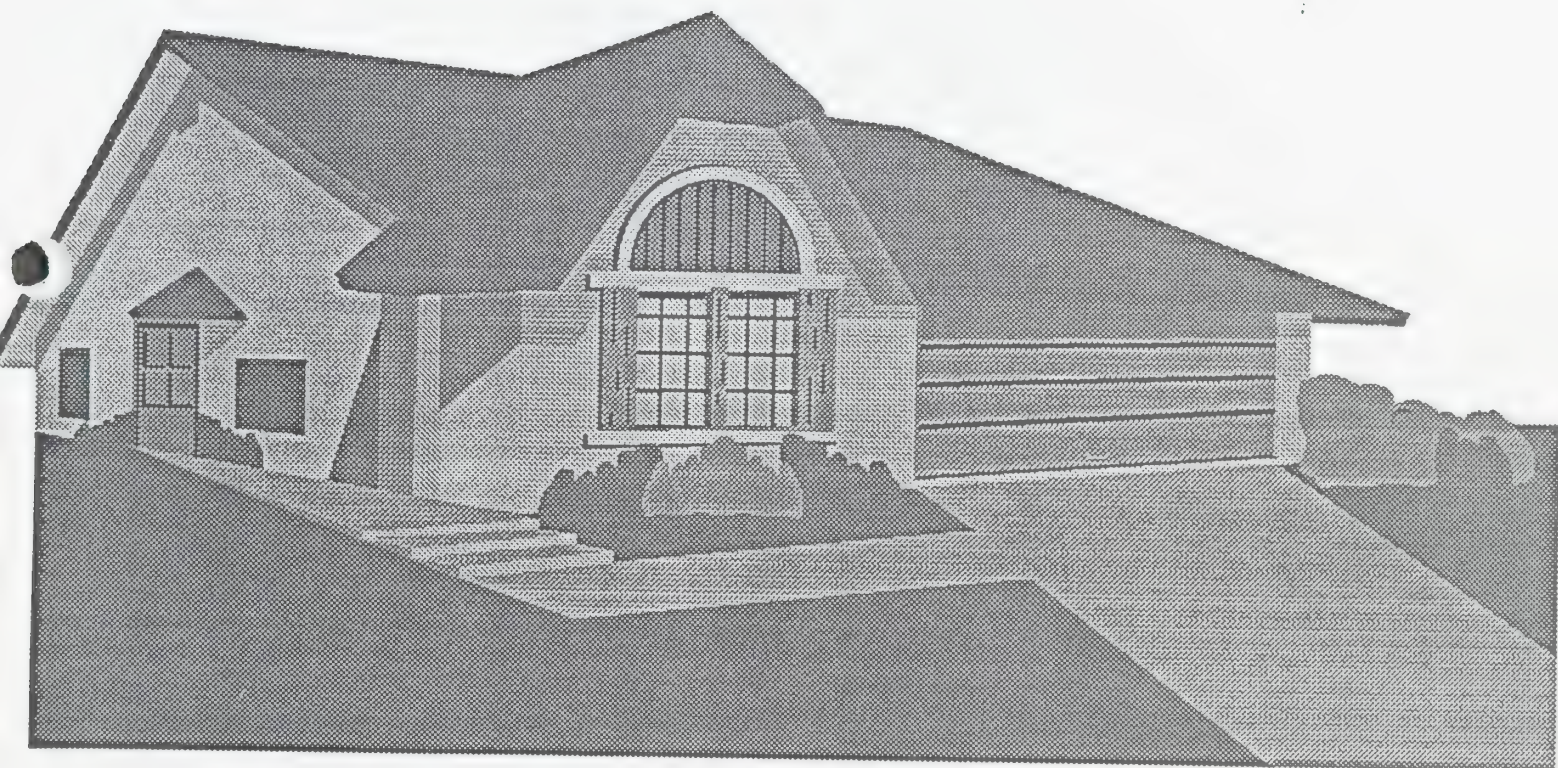
There are a number of economic and financial considerations/risks which may impact the 1997 Budget. The following is a list of the risks identified.

Exhibit 15

ECONOMIC & FINANCIAL RISKS

- * Union negotiations -Police, Ontario Nurses Association
- * Economic recovery-impact on GWA Caseloads, Ontario Works Program
- * Winter maintenance
- * Further Provincial subsidy reductions
- * Interest rate fluctuations
- * Provincial Highway Transfer

Impact on Property Taxes



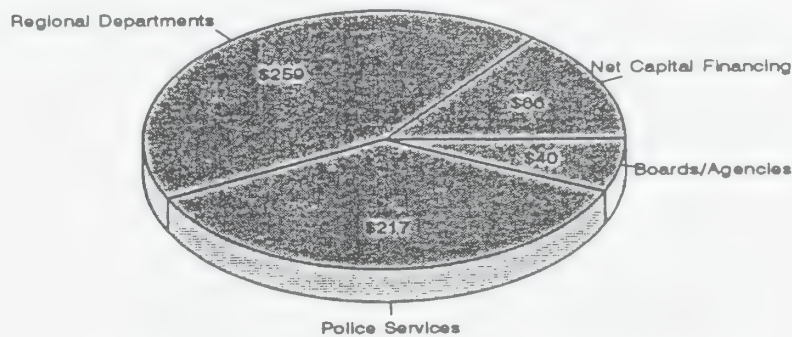
IMPACT ON PROPERTY TAXES

The 1997 Current Budget has been submitted at \$183.1 million, representing a 4.6% increase over 1996. As shown in Exhibit 16, the allocation of the 1997 Current Budget to an average residential household is approximately \$602 per household. The largest component of the tax bill is associated with Regional Operating Departments (43%), followed by Police Services (36%).

Exhibit 16

Residential Property Tax Bill

1997 Submitted Tax Bill...\$602.00/household

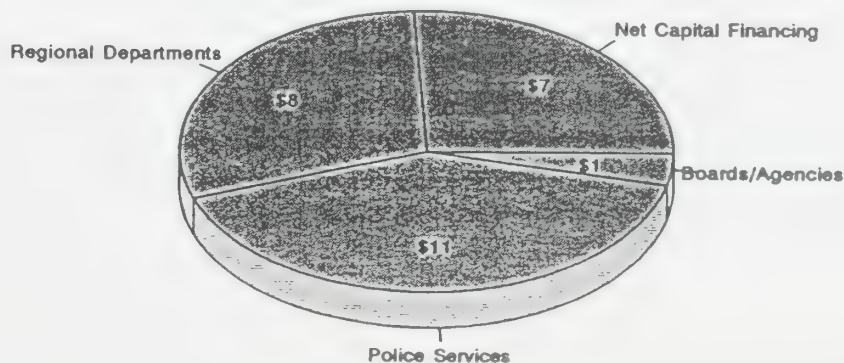


The 4.6% increase over the 1996 Levy represents an \$27 increase per household. The increase has been broken down by envelope in Exhibit 17. The enhanced provision of police services results in the largest increase to the taxpayer (\$11 increase per household), followed by a \$8 increase associated with the services provided by the Regional Operating Departments.

Exhibit 17

Impact on Average Household

1997 Submitted Tax Bill Increase...\$27/household



Impact on Property Taxes By Municipality

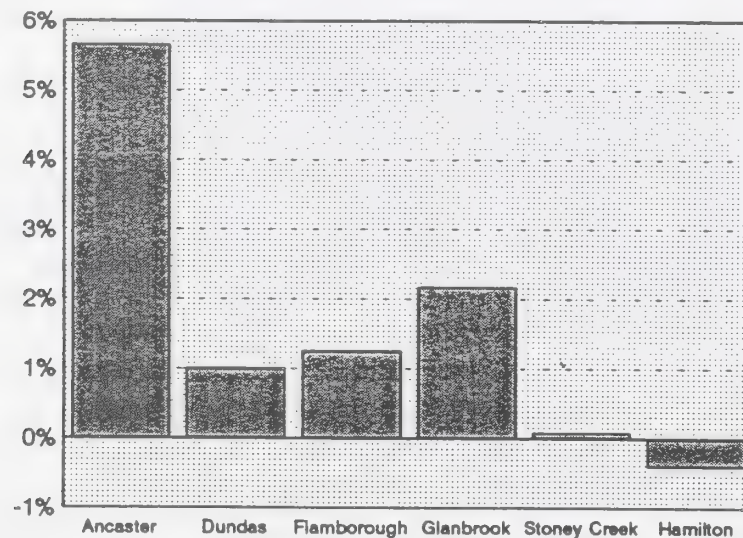
There are several factors which impact the distribution of property taxes between the area municipalities. The growth in assessment in each municipality, relative to the rest of the Region, and the change in the Upper-Tier Discount Factor (UTDF) for 1997 are the two major driving factors that will result in a reapportionment of the Regional Levy. The phasing in of equalization factors, which was completed in 1997 will also impact the apportionment of the Region's tax burden.

Assessment Growth

The relative growth in assessment for each area municipality will impact the apportionment of the Regional Levy. Exhibit 18 illustrates the percentage growth in assessment between 1996-97.

Exhibit 18

Percent Change in Assessment Growth 1996 - 1997



The overall assessment growth in Hamilton-Wentworth for 1997 is negligible (0.08%). Of the six municipalities, Ancaster's assessment has the highest percentage of growth (5.66%). As a result, Ancaster will be allocated a larger portion of the Region's Levy than it was apportioned in 1996. In contrast, the City of Hamilton's assessment has declined from 1996-97 by 0.4%. While residential assessment increased, commercial assessment declined in the City of Hamilton. This will result in a reduction of the apportionment of the Region's Levy in 1997 to the City of Hamilton.

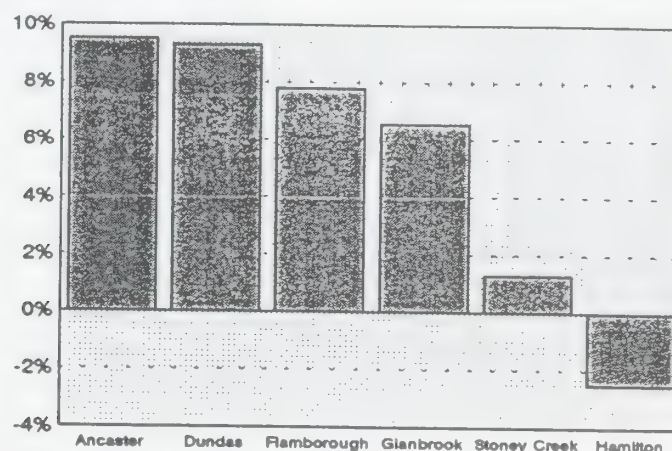
Upper-Tier Discount Factor (UTDF)

On August 16, 1996, Council unanimously approved the following recommendation:

That the Regional Chairman be directed to request the Province of Ontario to change the Region of Hamilton-Wentworth's Upper Tier Discount Factor from .4463 to .6500 effective January 1, 1997.

Exhibit 19 summarizes the percentage changes in Regional apportionment using a .65 UTDF (1996 General Levy).

Exhibit 19 Percent Change in 1996 Regional Apportionment
Using .65 UTDF



Note:
Total shift among municipalities in 1996 - \$2.4 million

In general, the approved change in the UTDF will benefit municipalities with a large non-residential component. The City of Hamilton has the largest proportion of non-residential properties, therefore, the change in the UTDF benefits taxpayers in the City of Hamilton most. The Towns of Ancaster and Dundas will receive the greatest percentage increase in Regional tax burden. These municipalities have a higher ratio of residential/non-residential property than the other four municipalities, therefore the reduction of the discount factor used to calculate residential assessment will increase their overall assessment to a great extent. The increase resulting from changing the UTDF will be borne by all taxpayers in the municipality, not strictly the residential property owner.

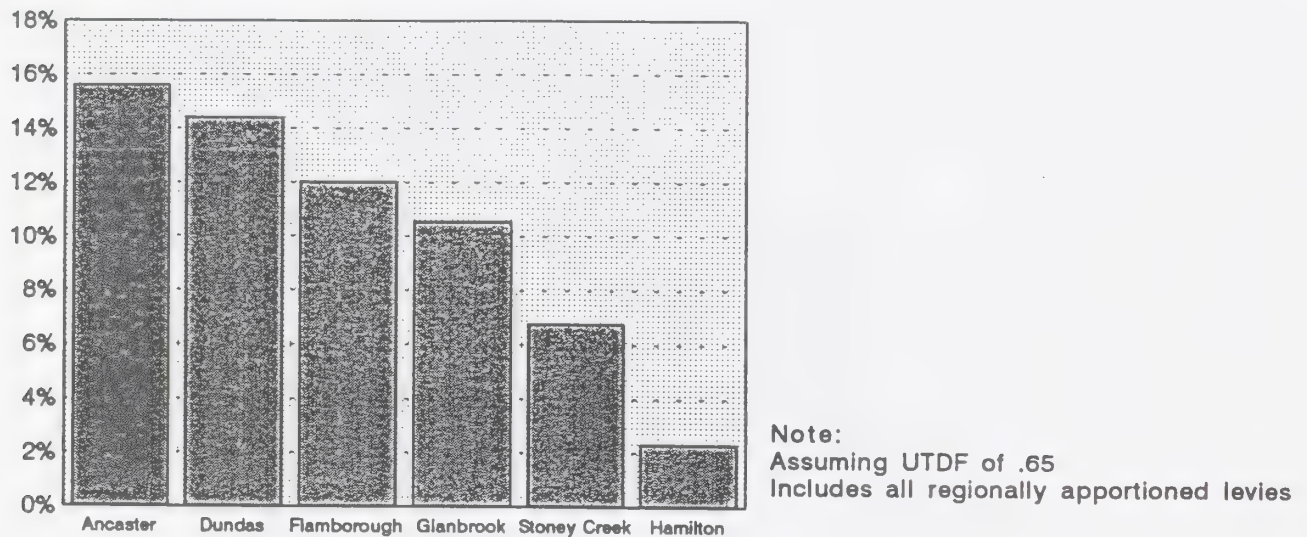
1997 Property Taxes - Assuming a 4.6% increase in the Region's Levy

The 1997 Current Budget has been submitted at \$183.1 million, representing a 4.6% increase over 1996. As identified above, the change in assessment growth and the use of a revised UTDF have a significant impact on the distribution of a 4.6% increase. As

illustrated in Exhibit 20, the projected impact of a 4.6% increase in the Region's Levy for the area municipalities ranges from 2.31% (Hamilton) to 15.62% (Ancaster).

Exhibit 20

1997 Property Taxes Impact of 4.6% Increase

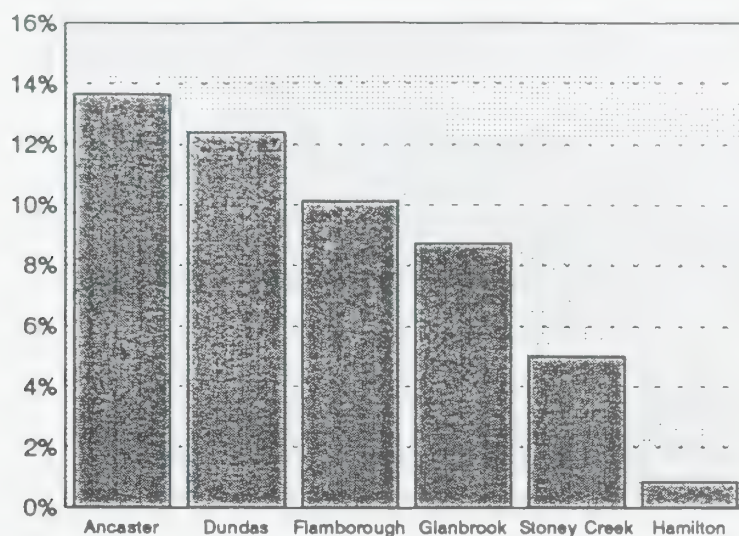


Ancaster will experience the largest increase in regional property taxes. As previously described, the higher level of growth, relative to the other municipalities, apportions Ancaster with a relatively higher proportion of the Regional Levy than the five remaining municipalities. Additionally, because Ancaster has a larger proportion of residential/non-residential assessment, the impact of changing the UTDF is greater. The City of Hamilton experiences the lowest increase due to the change in the UTDF, decline in assessment and a reduction in the Transit Levy of 7%. See Appendix F for further detail on the impact to each area municipality.

1997 Property Taxes - Assuming a 3.0% increase in the Region's Levy

Should Council determine that the Operating Department Envelope and the Outside Boards and Agencies increase of 1.4% and 0.2% respectively should be absorbed, the Current Budget increase would be 3.0%. As such, a second impact analysis was completed to illustrate a 3.0% increase. As shown in Exhibit 21, the range of increases across the area municipalities is 0.87%-13.67%. See Appendix G for further detail on the impact to each area municipality.

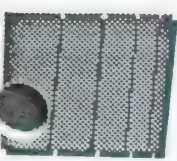
1997 Property Taxes Impact of 3% Increase



Note:
Assuming UTDF of .65
Includes all regionally apportioned levies

Reconsideration of Upper-Tier Discount Factor (UTDF)

As discussed previously, should Council decide to reconsider its decision of August 1996 to phase-out the UTDF, the 4.6% and 3% increase borne by each municipality would be significantly different than the impact shown above. Appendix H provides a detailed breakdown of the impact to each municipality.



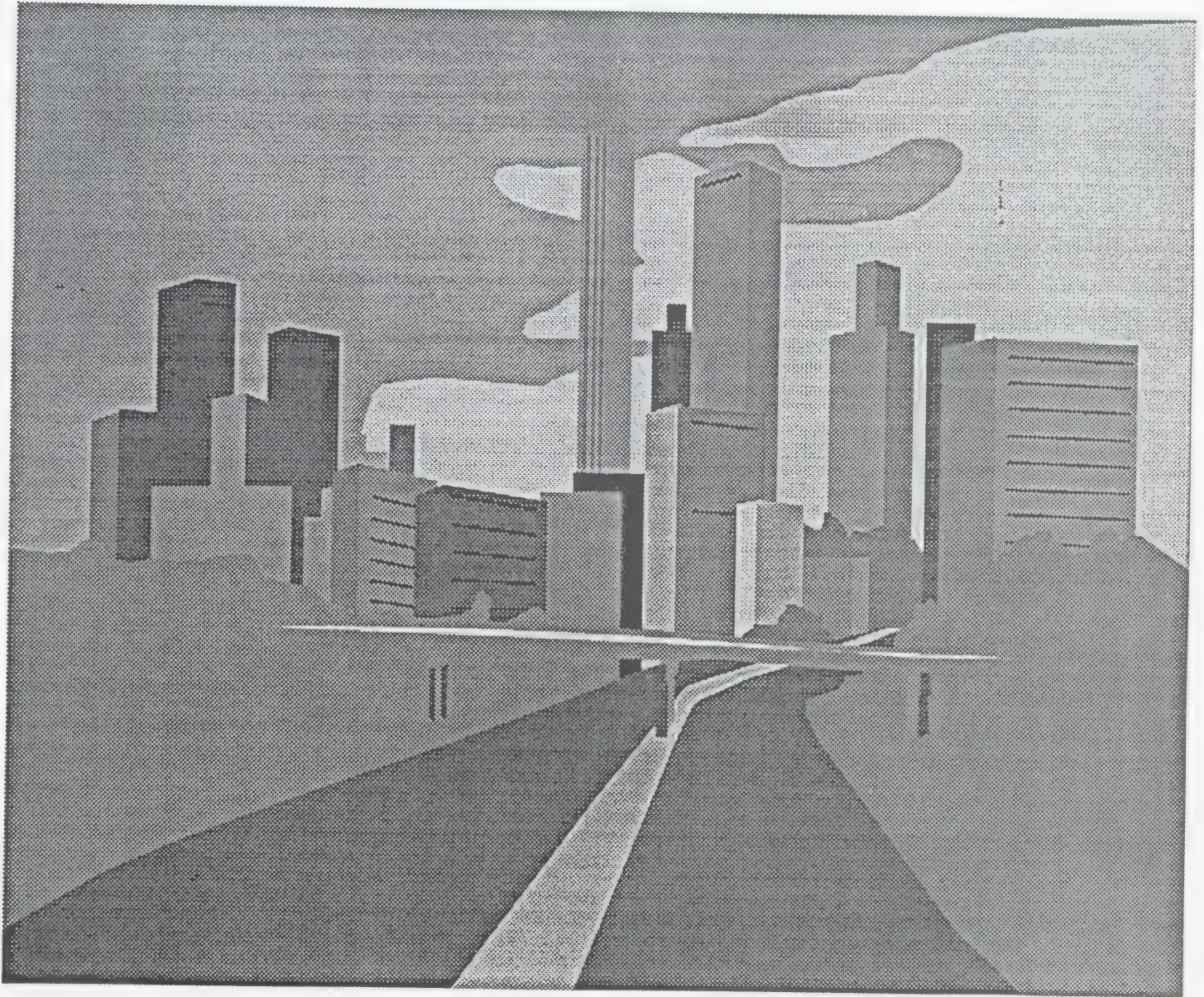
Appendices

1997 Proposed Current and Capital Budget

February 17, 1997



Net Capital Financing - Appendices



SUMMARY OF GROSS CAPITAL EXPENDITURE BY PROGRAM
AND REVENUE BY SOURCE
(000'S)

EXPENDITURE	1997	1998	1999	3 Year Total	2000 to 2006	10 Year Total
<u>Special Levy Programs</u>						
Red Hill Creek Expressway	\$34,866	\$6,781	\$42,231	\$83,879	\$100,322	\$184,201
Storm Sewer - Pollution Control Plan	87	173	969	1,229	28,058	29,287
Waste Management - Leachate Removal	4,412	9,636	1,077	15,125	0	15,125
Macassa Lodge	1,088	7,707	4,366	13,161	4,049	17,210
Wentworth Lodge	1,979	2,138	3,569	7,686	6,383	14,068
Accommodation	0	264	590	854	14,490	15,343
Total Special Levy Programs	\$42,432	\$26,699	\$52,802	\$121,933	\$153,301	\$275,234
<u>Maintenance Level - Levy Programs</u>						
Roadways	\$17,878	\$13,710	\$17,661	\$49,249	\$117,078	\$166,327
Storm Sewers	11,838	5,702	5,550	23,090	58,781	81,871
H.S.R.	13,759	7,918	5,435	27,112	38,977	66,089
Waste Management	818	4,596	1,153	6,567	674	7,241
DARTS	1,100	0	0	1,100	7,773	8,873
Industrial Land	463	260	1,510	2,233	2,320	4,553
Travel Forecasting	111	65	66	242	498	740
PaRCIL	983	0	0	983	0	983
Human Resources	907	0	0	907	0	907
Corporate Services	137	0	0	137	478	615
Total Maintenance Level - Levy Programs	\$47,994	\$32,251	\$31,375	\$111,620	\$226,578	\$338,199
Total Levy Programs	\$90,427	\$58,950	\$84,177	\$233,554	\$379,880	\$613,433
<u>Boards, Agencies, & Grants</u>						
Police	\$1,594	\$0	\$11,000	\$12,594	\$0	\$12,594
Hospitals	3,458	4,988	0	8,447	0	8,447
Conservation Authority	732	749	770	2,251	4,874	7,125
Library	788	316	112	1,216	824	2,041
Total Boards, Agencies, & Grants	\$6,572	\$6,054	\$11,882	\$24,508	\$5,698	\$30,206
<u>Rate Programs</u>						
Waterworks - Maintenance	\$20,461	\$12,370	\$11,960	\$44,791	\$118,718	\$163,509
Waterworks - Haldimand Norfolk	2,569	0	1,491	4,060	6,578	10,638
Sanitary Sewers - Maintenance	30,615	13,666	13,203	57,484	131,166	188,650
Sanitary Sewers - Pollution Control Plan	256	525	2,908	3,689	84,354	88,043
Total Rate Programs	\$53,901	\$26,561	\$29,562	\$110,024	\$340,816	\$450,840
TOTAL GROSS CAPITAL EXPENDITURE	\$150,899	\$91,565	\$125,621	\$368,086	\$726,394	\$1,094,479
REVENUES AND FINANCING						
<u>Revenues</u>						
Grants & Subsidies	\$30,987	\$12,749	\$37,893	\$81,629	\$48,976	\$130,605
Other Revenue	5,547	2,466	3,539	11,552	7,415	18,968
Deferred Development Charges	5,875	1,293	6,118	13,286	13,091	26,378
Development Charges	6,161	2,007	2,275	10,443	12,916	23,358
Total Revenues	\$48,571	\$18,514	\$49,825	\$116,911	\$82,398	\$199,309
<u>Financing</u>						
Contribution from Current	\$18,472	\$17,151	\$19,557	\$55,180	\$234,507	\$289,687
Internal Financing	35,295	13,627	14,984	63,906	235,532	299,437
External Financing	36,529	38,313	40,680	115,522	167,100	282,622
Previous Financing	2,380	3,696	0	6,075	0	6,075
Contribution Carried Forward	9,466	1	0	9,467	454	9,921
Contributions from Reserves	187	263	575	1,025	6,404	7,428
Total Financing	\$102,328	\$73,051	\$75,795	\$251,175	\$643,996	\$895,170
TOTAL REVENUES AND FINANCING	\$150,899	\$91,565	\$125,621	\$368,085	\$726,394	\$1,094,479

1997-1999 CAPITAL BUDGET

Appendix B

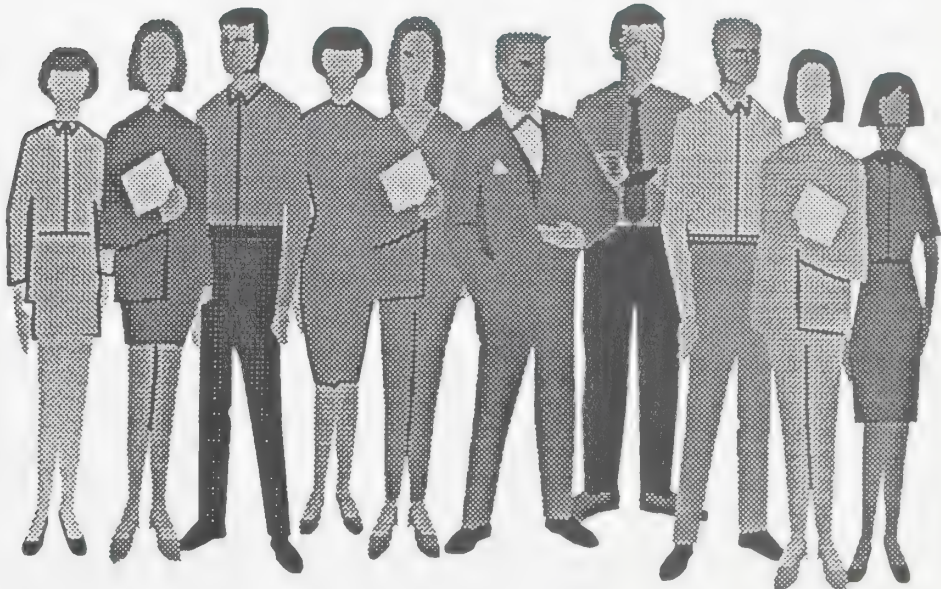
NET CAPITAL FINANCING COSTS
(000'S)

	1996	1997	1998	1999	3 Year Total	2000 to 2006 Total	10 Year Total
<u>Special Levy Programs</u>							
Red Hill Creek Expressway	\$1,219	\$1,859	\$2,499	\$3,139	\$7,497	\$48,429	\$55,926
Storm Sewer - Pollution Control Plan	0	0	9	26	35	9,264	9,299
Waste Management - Leachate Removal	0	0	628	2,000	2,628	15,074	17,703
Macassa Lodge	549	1,022	1,011	1,272	3,306	8,340	11,646
Wentworth Lodge	540	511	511	1,405	2,428	9,118	11,545
Accommodation	0	0	0	0	0	0	0
TOTAL	\$2,308	\$3,392	\$4,658	\$7,843	\$15,894	\$90,225	\$106,119
<u>Maintenance Level Levy Programs</u>							
Roads	\$10,257	\$11,743	\$13,704	\$15,222	\$40,669	\$164,381	\$205,051
Storm Sewers	5,723	5,791	6,192	6,626	18,609	61,933	80,542
HSR	2,382	2,281	2,720	3,077	8,079	26,787	34,866
Waste Management	778	473	537	1,167	2,177	8,635	10,813
Industrial Land	642	516	516	516	1,548	3,612	5,160
GHTEC	596	594	594	594	1,781	2,595	4,376
Parcel (Roads/Planning)	382	337	372	372	1,080	2,065	3,145
DARTS	319	352	439	439	1,229	4,127	5,356
Celebrate	203	203	203	203	609	203	812
Health	147	142	142	142	427	427	853
Emergency Services	87	87	87	87	262	87	350
Human Resources	52	41	40	40	121	80	200
Airport	41	71	73	75	220	380	600
Information Systems	39	39	37	25	101	15	116
Economic Development	33	32	32	32	97	76	173
Travel Forecasting	18	16	16	16	48	112	160
Total Maintenance Level Levy Programs	\$21,700	\$22,719	\$25,704	\$28,634	\$77,057	\$275,515	\$352,571
Total Levy Programs	\$24,008	\$26,111	\$30,362	\$36,477	\$92,950	\$365,740	\$458,690
<u>Boards, Agencies, & Grants</u>							
Police	\$2,709	\$1,723	\$1,934	\$1,632	\$5,288	\$12,078	\$17,367
Library	2	0	56	130	186	1,481	1,667
McMaster University	446	564	564	564	1,691	0	1,691
Hospitals	112	0	0	0	0	0	0
Art Gallery/Capital Grants	60	0	0	0	0	0	0
Canadian Warplane Heritage	26	133	133	133	398	888	1,286
Conservation Authority	675	704	744	788	2,236	7,879	10,116
Total Boards, Agencies, & Commissions	\$4,030	\$3,124	\$3,429	\$3,246	\$9,799	\$22,326	\$32,126
<u>Self-Supporting Programs</u>							
Sanitary Sewers - Maintenance Program	\$14,163	\$15,027	\$15,594	\$16,284	\$46,904	\$148,958	\$195,862
Sanitary Sewers - Pollution Control Plan	0	0	26	80	106	25,366	25,472
Waterworks	10,650	11,300	12,081	13,075	36,456	133,699	170,155
Total Self-Supporting Programs	\$24,813	\$26,327	\$27,701	\$29,438	\$83,466	\$308,023	\$391,488
TOTAL NET CAPITAL FINANCING COSTS	\$52,851	\$55,561	\$61,493	\$69,162	\$186,216	\$696,089	\$882,305

1997 PROPOSED BUDGET - BREAKDOWN BY SPENDING ENVELOPE

	1996 <u>Levy</u> \$	1997 Proposed <u>Budget</u> \$	% <u>INCR.</u>
REGIONAL DEPARTMENTS NET CAPITAL FINANCING			
<u>LEGISLATIVE / MANAGEMENT GROUP:</u>			
Emergency Services	87,000	87,500	0.6%
Economic Development	32,500	32,200	-0.9%
Celebrate	203,500	203,100	-0.2%
Industrial Land	642,000	516,000	-19.6%
Business Advisory Centre/GHTEC	596,000	593,600	-0.4%
<u>CORPORATE SERVICES GROUP:</u>			
Human Resources Centre	52,000	41,000	-21.2%
Information Services	39,000	38,700	-0.8%
<u>REGIONAL COMMUNITY SERVICES:</u>			
Homes for the Aged	1,089,000	1,533,100	40.8%
<u>REGIONAL ENVIRONMENT DEPARTMENT:</u>			
Waste Management	778,000	473,100	-39.2%
Storm Sewers	5,723,330	5,791,100	1.2%
Planning (PaRCIL)	61,000	54,000	-11.5%
Airport	41,000	71,000	73.2%
REGIONAL HEALTH DEPARTMENT	147,000	142,300	-3.2%
<u>REGIONAL TRANSPORTATION DEPARTMENT:</u>			
Roads Capital Levy	10,256,530	11,743,300	14.5%
PaRCIL	321,000	282,600	-12.0%
Red Hill Creek Expressway	1,219,000	1,859,000	52.5%
Transit	2,382,000	2,281,400	-4.2%
Accessible Transportation Services	319,000	351,800	10.3%
Travel Forecasting	18,000	16,020	-11.0%
TOTAL REGIONAL DEPARTMENTS NET CAPITAL FINANCING	24,006,860	26,110,820	8.8%

Operating Departments - Appendices

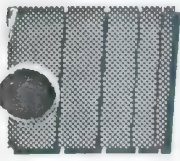


1997 PROPOSED BUDGET - BREAKDOWN BY SPENDING ENVELOPE

	1996 <u>Levy</u> \$	1997 <u>Proposed</u> <u>Budget</u> \$	% <u>INCR</u>
REGIONAL DEPARTMENTS OPERATING LEVIES (EXCLUDES NET CAPITAL FINANCING)			
<u>LEGISLATIVE / MANAGEMENT GROUP:</u>			
Regional Council (Legislative)	717,240	704,320	-1.8%
Office of the Regional Chairman	293,510	290,410	-1.1%
<u>Office of the Chief Administrative Officer:</u>			
Administration / Internal Audit /			
Emergency Preparedness	685,530	679,760	-0.8%
Emergency Communication System	870,770	915,130	5.1%
Investment & Borrowing	(497,340)	(560,500)	12.7%
Economic Development / BAC / GHTEC	2,813,050	2,796,120	-0.6%
SUBTOTAL	4,882,760	4,825,240	-1.2%
<u>CORPORATE SERVICES GROUP:</u>			
Regional Legal Services	1,139,840	907,530	-20.4%
Office of the Regional Clerk	803,610	834,160	3.8%
Regional Financial Services	4,020,690	3,935,600	-2.1%
Human Resources Centre	1,588,480	1,393,940	-12.2%
Information Services	27,600	61,410	122.5%
SUBTOTAL	7,580,220	7,132,640	-5.9%
<u>Fiscal Services:</u>			
Corporate Services Cost Allocation	(2,594,790)	(2,574,800)	-0.8%
Contractual Obligations	337,000	50,000	-85.2%
Financial Charges - Other	232,300	232,300	0.0%
Financial Charges - Write Offs	2,800,000	2,800,000	0.0%
Purchasing	107,660	98,770	-8.3%
Christmas Savings	(100,000)	0	-100.0%
Compensation Reductions	(400,000)	0	-100.0%
1996 Restructuring	650,000	0	-100.0%
Management Action Plan	(200,000)	0	-100.0%
Transfer to Working Funds Reserve	1,500,000	2,000,000	33.3%
SUBTOTAL	2,332,170	2,606,270	11.8%
<u>REGIONAL COMMUNITY SERVICES:</u>			
General Welfare Assistance	18,963,350	17,986,120	-5.2%
Discretionary (excluding Homes for the Aged)	5,620,830	5,606,740	-0.3%
Homes for the Aged	3,283,510	3,269,190	-0.4%
SUBTOTAL	27,867,690	26,862,050	-3.6%
BALANCE FORWARD	42,662,840	41,426,200	

1997 PROPOSED BUDGET - BREAKDOWN BY SPENDING ENVELOPE

	1996 <u>Levy</u> \$	1997 <u>Proposed</u> <u>Budget</u> \$	% <u>INCR.</u>
BALANCE FORWARD	42,662,840	41,426,200	
<i>REGIONAL DEPARTMENTS OPERATING LEVIES (Cont'd)</i>			
<u>REGIONAL ENVIRONMENT DEPARTMENT:</u>			
Waste Management	10,819,130	10,926,330	1.0%
Storm Sewers	2,647,240	2,720,270	2.8%
Strategic Planning / Development	1,716,660	1,290,960	-24.8%
Airport	25,680	0	-100.0%
SUBTOTAL	15,208,710	14,937,560	-1.8%
REGIONAL HEALTH DEPARTMENT	2,724,690	2,829,690	3.9%
<u>REGIONAL TRANSPORTATION DEPARTMENT:</u>			
Roads	14,268,630	13,911,130	-2.5%
Increase in Winter Control based on 5 year average		259,710	N/A
Transit	16,024,600	14,755,220	-7.9%
Accessible Transportation Services	2,596,440	2,562,980	-1.3%
SUBTOTAL	32,889,670	31,489,040	-4.3%
TOTAL REGIONAL DEPARTMENTS OPERATING LEVIES	93,485,910	90,682,490	-3.0%
<i>LESS CORPORATE REVENUES</i>			
Corporate P.N.A.	(222,310)	0	-100.0%
Employee Assistance Program	(43,810)	0	-100.0%
Financial Charges - Investment Income	(839,700)	(839,700)	0.0%
Recovery from Utilities	(1,261,290)	(1,251,830)	-0.8%
Recovery from Transit	(1,603,720)	(893,610)	-44.3%
Supplementary Taxes	(2,072,500)	(1,774,260)	-14.4%
TOTAL CORPORATE REVENUES	(6,043,330)	(4,759,400)	-21.2%
TOTAL REGIONAL DEPARTMENTS OPERATING LEVIES EXCLUDING OMSP FUNDING	87,442,580	85,923,090	-1.7%
<i>ALLOCATION OF OMSP FUNDING</i>	<u>(10,862,480)</u>	<u>(6,937,270)</u>	-36.1%
TOTAL REGIONAL DEPARTMENTS OPERATING LEVIES EXCLUDING CAPITAL FINANCING	76,580,100	78,985,820	3.1%



Appendix E

DRAMA 123456

115 123456

GOVERNMENT DOCUMENTS

REVISED

February 26, 1997



RECOMMENDED
PRIORITIZED REDUCTIONS TO ACHIEVE A 3% INCREASE
REVISED PER BUDGET STEERING COMMITTEE DIRECTION FEBRUARY 17, 1997
(INCLUDING ADDITIONS, DELETIONS & CORRECTIONS)

Description	FTE	Cat.	Total	Annualized Savings	Cumulative Savings
1 Ec. Dev. - Close Tourist Info. Centre	0	SL	81,180	81,180	81,180
2 Environment - Transfer tipping stations - minimum tipping fees	0	RG	500,000	500,000	581,180
3 Fin.Serv. Office relocation from 119 King to 110 King St.	0	PI	25,200	50,400	631,580
4 Community Services - Hostels - Annualization of 97 Drug/Alcohol Prog.	0	SL	51,700	51,700	683,280
5 Community Services - Day Care User Fee	0	RG	20,000	20,000	703,280
6 See Confidential Package	5	PI	175,000	350,000	1,053,280
7 Community Services - Ont. Works - Reall. of staff for better cost sharing	-6	SL	400,000	400,000	1,453,280
8 Roads - Traffic - Reduced Staffing (City of Hamilton)	0	SL	38,000	38,000	1,491,280
9 BAC - Eliminate CATA Membership & Cut Promotion	0	SL	10,000	10,000	1,501,280
10 See Confidential Package	1	PI	34,330	45,770	1,547,050
11 Community Services - Homemakers & Nurses - 1996 Actual Cost Sharing	0	SL	74,400	74,400	1,621,450
12 See Confidential Package	0.5	SL	19,400	29,100	1,650,550
13 Transit - Across Board Fare increase - 5 cent increase	0	RG	210,000	210,000	1,860,550
14 See Confidential Package	2	PI	53,000	53,000	1,913,550
15 See Confidential Package	4.5	SL	68,700	68,700	1,982,250
16 Community Services - Day Care - Conversion of Therap. Ft to PT	0	SL	40,000	54,700	2,036,950
17 Ec. Dev. - Festivals - Tattoo, Aquafest	0	SL	0	100,000	2,136,950
18 See Confidential Package	1	SL	41,250	55,000	2,191,950
19 Fin.Serv. - reduce presentation expenses	0	PI	5,000	5,000	2,196,950
20 Info. sys. reductions from current levels (affects HR and Fin. Serv)	0	SL	40,000	40,000	2,236,950
21 Transit Revenues - University **	0	RG	20,000	20,000	2,256,950
22 Reduction in travel, conference and training	0	PI	70,000	70,000	2,326,950
23 Short Term Disability Conversion	0	FA	100,000	100,000	2,426,950
24 See Confidential Package	1	SL	16,200	16,200	2,443,150
25 Community Services - Special Income Dental limited to 3 visits/yr	0	SL	75,000	102,500	2,545,650

FTE's

15

Note: Shaded items are confidential

** item 21 already approved

Legend:

FA - Financial Adjustments

PI - Productivity Improvement

RG - Revenue Generator

SL - Service Level

NOT RECOMMENDED
SUPPLEMENTARY PRIORITIZED REDUCTIONS
REVISED PER BUDGET STEERING COMMITTEE DIRECTION FEBRUARY 17, 1997
(INCLUDING ADDITIONS, DELETIONS & CORRECTIONS)

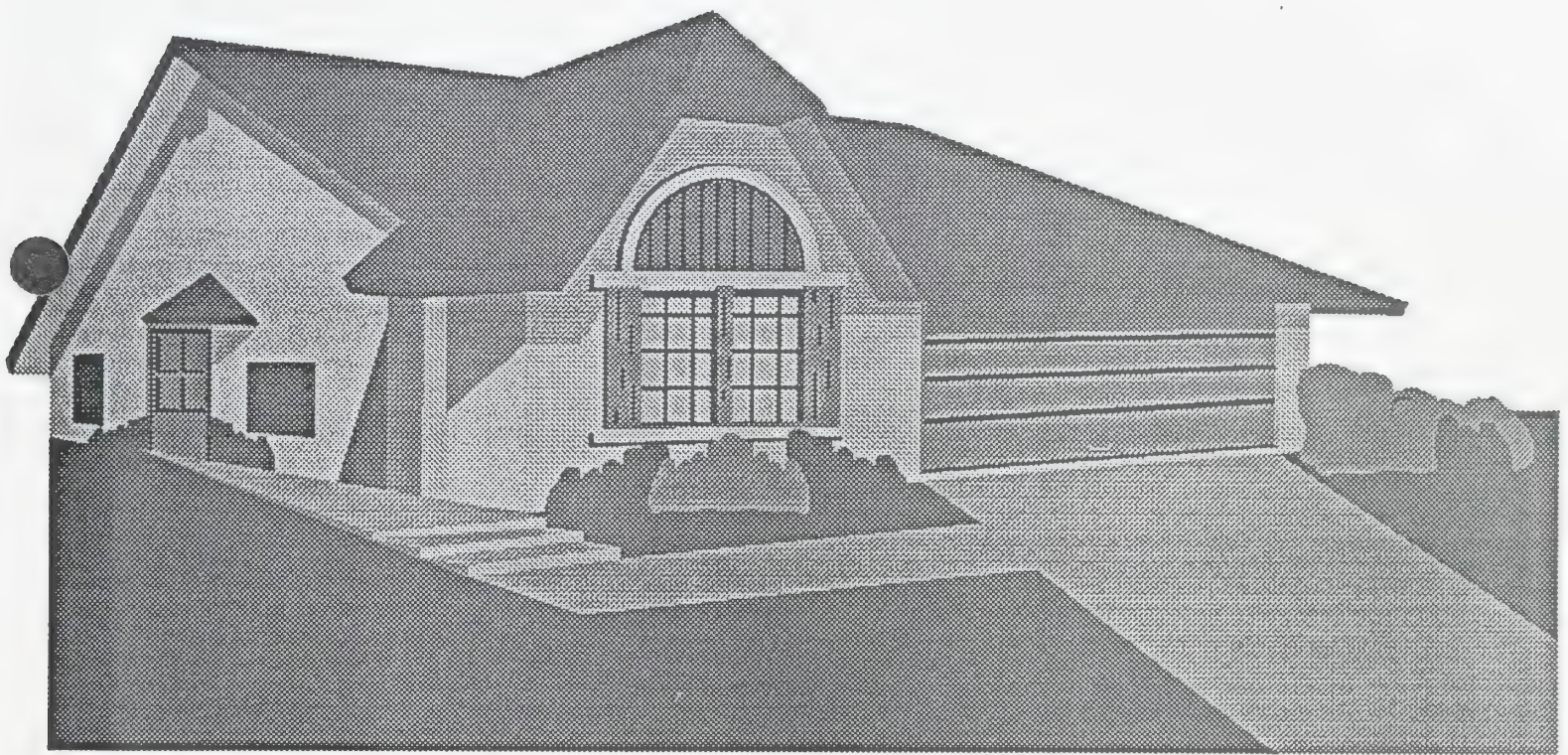
Description	FTE	Cat.	Total	Annualized Savings	Cumulative Savings
26 See Confidential Package	1	PI	29,960	39,940	2,585,590
27 Community Services – Processing Fees for new contracts/chgs/grants	0	RG	26,900	26,900	2,612,490
28 See Confidential Package	1	SL	15,000	15,000	2,627,490
29 Community Services – Special Income – Capping of Dollars	0	SL	48,200	48,200	2,675,690
30 Fin. Serv. eliminate student help/reduce overtime	0	SL	28,000	28,000	2,703,690
31 See Confidential Package	2.5	SL	37,500	37,500	2,741,190
32 See Confidential Package	5	SL	75,000	75,000	2,816,190
33 See Confidential Package	1	SL	7,500	10,000	2,826,190
34 See Confidential Package	1	SL	35,160	45,670	2,871,860
35 Ec. Dev. Eliminate Celebrate Program	0	SL	92,010	92,010	2,963,870
36 See Confidential Package	2	SL	30,000	30,000	2,993,870
37 See Confidential Package	1	SL	15,000	15,000	3,008,870
38 See Confidential Package	1	SL	21,000	21,000	3,029,870
39 HSR – Senior Annual Pass Program Termination	0	RG	500,000	700,000	3,729,870
40 See Confidential Package	1	SL	15,000	15,000	3,744,870
41 Community Services – Homemakers/nursing Service user fees	0	RG	9,800	13,100	3,757,970
42 See Confidential Package	1	SL	37,630	37,630	3,795,600
43 See Confidential Package	1	SL	16,200	16,200	3,811,800
44 See Confidential Package	1	SL	27,000	27,000	3,838,800
45 See Confidential Package	3	SL	57,800	92,600	3,931,400
46 See Confidential Package	1	SL	15,000	15,000	3,946,400
47 See Confidential Package	2.5	SL	37,500	37,500	3,983,900
48 See Confidential Package	2	SL	30,000	30,000	4,013,900
49 Community Services – Discontinue Lodging Home Program	0	SL	642,600	642,600	4,656,500
50 See Confidential Package	1.5	SL	22,500	22,500	4,679,000
51 See Confidential Package	1	SL	15,000	15,000	4,694,000
52 See Confidential Package	5	SL	75,000	75,000	4,769,000
53 See Confidential Package	4	SL	61,200	61,200	4,830,200
Total FTE's	<u>54.5</u>				

Note: Summary of FTE's excludes item #7 for Ontario Works Program.

Legend:

FA – Financial Adjustments
PI – Productivity Improvement
RG – Revenue Generator
SL – Service Level

Impact on Property Taxes - Appendices



1997 PROPERTY TAXES**Assuming UTDF of .65 @ 4.6% Increase**

	<u>1996</u>	<u>1997</u>	<u>\$</u>	<u>%</u>
	<u>\$</u>	<u>\$</u>		<u>A</u>
ANCASTER				
GENERAL LEVY	541.27	628.77	87.50	16.17%
LIBRARY LEVY	29.28	30.92	1.64	5.60%
TOTAL	570.55	659.69	89.14	15.62%
DUNDAS				
GENERAL LEVY	537.51	614.95	77.44	14.41%
FLAMBOROUGH				
GENERAL LEVY	507.89	572.01	64.12	12.62%
LIBRARY LEVY	27.68	27.93	0.25	0.90%
TOTAL	535.57	599.94	64.37	12.02%
GLANBROOK				
GENERAL LEVY	562.34	625.01	62.67	11.14%
LIBRARY LEVY	30.33	30.24	(0.09)	-0.30%
TOTAL	592.67	655.25	62.58	10.56%
HAMILTON				
GENERAL LEVY	477.01	495.64	18.63	3.91%
TRANSIT LEVY	82.00	76.30	(5.70)	-6.95%
STORM SEWER LEVY	37.29	38.12	0.83	2.23%
TOTAL	596.30	610.06	13.76	2.31%
STONEY CREEK				
GENERAL LEVY	530.72	570.00	39.28	7.40%
LIBRARY LEVY	29.02	27.71	(1.31)	-4.51%
TOTAL	559.74	597.71	37.97	6.78%

Increases are subject to final adjustments from Area Municipalities and Payments-in-Lieu (PIL's).

The equalization factors were changed in 1993 resulting in increased apportionments to Ancaster. Because of the magnitude of this change, the Province is phasing in the new factors over a four-year period from 1994 to 1997.

1997 PROPERTY TAXESAssuming UTDF of .65 @ 3% Increase

	<u>1996</u>	<u>1997</u>	<u>\$</u>	<u>%</u>
	<u>\$</u>	<u>\$</u>		<u>A</u>
ANCASTER				
GENERAL LEVY	541.27	617.65	76.38	14.11%
LIBRARY LEVY	29.28	30.92	1.64	5.60%
TOTAL	570.55	648.57	78.02	13.67%
DUNDAS				
GENERAL LEVY	537.51	604.21	66.70	12.41%
FLAMBOROUGH				
GENERAL LEVY	507.89	561.96	54.07	10.65%
LIBRARY LEVY	27.68	27.93	0.25	0.90%
TOTAL	535.57	589.89	54.32	10.14%
GLANBROOK				
GENERAL LEVY	562.34	614.15	51.81	9.21%
LIBRARY LEVY	30.33	30.24	(0.09)	-0.30%
TOTAL	592.67	644.39	51.72	8.73%
HAMILTON				
GENERAL LEVY	477.01	487.06	10.05	2.11%
TRANSIT LEVY	82.00	76.30	(5.70)	-6.95%
STORM SEWER LEVY	37.29	38.12	0.83	2.23%
TOTAL	596.30	601.48	5.18	0.87%
STONEY CREEK				
GENERAL LEVY	530.72	560.04	29.32	5.52%
LIBRARY LEVY	29.02	27.71	(1.31)	-4.51%
TOTAL	559.74	587.75	28.01	5.00%

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1997 PROPERTY TAXES

Appendix H

Assuming UTDF of .4463 @ 3% Increase

	<u>1996</u>	<u>1997</u>	<u>\$</u>	<u>%</u>
	\$	\$		A
ANCASTER				
GENERAL LEVY	541.27	577.23	35.96	6.64%
LIBRARY LEVY	29.28	30.25	0.97	3.31%
TOTAL	570.55	607.48	36.93	6.47%
DUNDAS				
GENERAL LEVY	537.51	555.90	18.39	3.42%
FLAMBOROUGH				
GENERAL LEVY	507.89	523.04	15.15	2.98%
LIBRARY LEVY	27.68	27.19	(0.49)	-1.77%
TOTAL	535.57	550.23	14.66	2.74%
GLANBROOK				
GENERAL LEVY	562.34	577.57	15.23	2.71%
LIBRARY LEVY	30.33	29.73	(0.60)	-1.98%
TOTAL	592.67	607.30	14.63	2.47%
HAMILTON				
GENERAL LEVY	477.01	498.33	21.32	4.47%
TRANSIT LEVY	82.00	76.30	(5.70)	-6.95%
STORM SEWER LEVY	37.29	38.12	0.83	2.23%
TOTAL	596.30	612.75	16.45	2.76%
STONEY CREEK				
GENERAL LEVY	530.72	550.62	19.90	3.75%
LIBRARY LEVY	29.02	28.60	(0.42)	-1.45%
TOTAL	559.74	579.22	19.48	3.48%

Increases are subject to final adjustments from Area Municipalities and Payments-in-Lieu (PIL's).

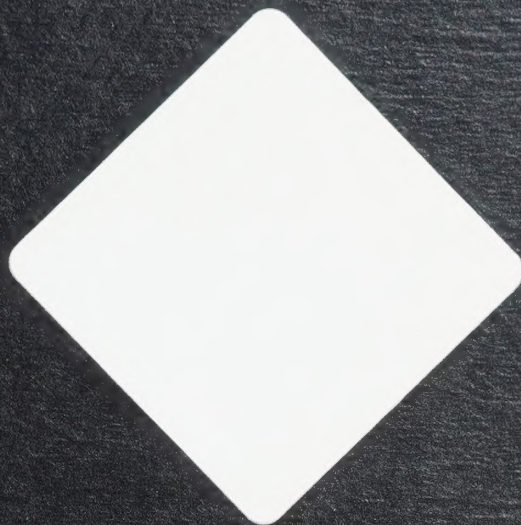
The equalization factors were changed in 1993 resulting in increased apportionments to Ancaster. Because of the magnitude of this change, the Province is phasing in the new factors over a four-year period from 1994 to 1997.

1997 PROPERTY TAXES**Assuming UTDF of .4463 @ 4.6% Increase**

	<u>1996</u>	<u>1997</u>	<u>\$</u>	<u>%</u>
	<u>\$</u>	<u>\$</u>		<u>A</u>
ANCASTER				
GENERAL LEVY	541.27	587.57	46.30	8.55%
LIBRARY LEVY	29.28	30.25	0.97	3.31%
TOTAL	570.55	617.82	47.27	8.28%
DUNDAS				
GENERAL LEVY	537.51	565.72	28.21	5.25%
FLAMBOROUGH				
GENERAL LEVY	507.89	532.34	24.45	4.81%
LIBRARY LEVY	27.68	27.19	(0.49)	-1.77%
TOTAL	535.57	559.53	23.96	4.47%
GLANBROOK				
GENERAL LEVY	562.34	587.74	25.40	4.52%
LIBRARY LEVY	30.33	29.73	(0.60)	-1.98%
TOTAL	592.67	617.47	24.80	4.18%
HAMILTON				
GENERAL LEVY	477.01	507.12	30.11	6.31%
TRANSIT LEVY	82.00	76.30	(5.70)	-6.95%
STORM SEWER LEVY	37.29	38.12	0.83	2.23%
TOTAL	596.30	621.54	25.24	4.23%
STONEY CREEK				
GENERAL LEVY	530.72	560.41	29.69	5.59%
LIBRARY LEVY	29.02	28.60	(0.42)	-1.45%
TOTAL	559.74	589.01	29.27	5.23%

Increases are subject to final adjustments from Area Municipalities and Payments-in-Lieu (PIL's).

The equalization factors were changed in 1993 resulting in increased apportionments to Ancaster. Because of the magnitude of this change, the Province is phasing in the new factors over a four-year period from 1994 to 1997.



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